



# आरत का राजपत्र

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PART II — Section 1

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

11/9/79  
M/S

### MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

#### (Legislative Department)

*New Delhi, the 11th May, 1999/Vaisakha 21, 1921 (Saka)*

The following Act of Parliament received the assent of the President on the 11th May, 1999, and is hereby published for general information:—

### THE FINANCE ACT, 1999

No. 27 OF 1999

[11th May, 1999]

An Act to give effect to the financial proposals of the Central Government for the financial year 1999-2000.

Be it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

#### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Finance Act, 1999.

Short title and commencement.

(2) Save as otherwise provided in this Act, sections 2 to 99 [except clause (1) of section 6] shall be deemed to have come into force on the 1st day of April, 1999.

#### CHAPTER II

#### RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1999, income-tax shall be charged at the rates specified in Part I of the First Schedule.

Income-tax.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds fifty thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (IA) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (I) or the rates as specified in that Chapter or section, as the case may be.

43 of 1961.

(4) In cases in which tax has to be charged and paid under section 115-O or section 115R of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased—

(a) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax;

(b) in the case of a domestic company, by a surcharge, calculated at the rate of ten per cent. of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,—

(a) in the cases to which the provisions of sub-item (a) of item 1 of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which the provisions of sub-item (a) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194-I, 194J, 194K, 194L, 196A, 196B, 196C and 196D of the Income-tax Act, the deduction shall be made at the rates specified in those sections and in cases in which tax

is to be deducted under sections 194C, 194EE, 194F, 194G, 194-I, 194J, 194K and 194L, the tax shall be increased—

(a) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax;

(b) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent. of such tax.

(7) In cases in which tax has to be collected under section 206C or under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in that section or at the rates specified in Part II of the First Schedule, as the case may be, and shall be increased—

(a) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax;

(b) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent. of such tax.

(8) Subject to the provisions of sub-section (9), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased,—

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge, calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of income-tax computed in accordance with the provisions of sections 112 and 113 of the Income-tax Act shall be increased by a surcharge for purposes of the Union or surcharge as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under section 115ACA or section 115B or section 115BB of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union or a surcharge, as the case may be, calculated at the rate of ten per cent. of such "advance tax".

(9) In the cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds fifty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total

income after the first fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of fifty thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be,

"advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that the amount of income-tax or "advance tax" so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall,—

(a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, referred to in Paragraph A of Part III, having a total income exceeding sixty thousand rupees, be increased by a surcharge for purposes of the Union;

(b) in the case of every artificial juridical person, referred to in Paragraph A of Part III, be increased by a surcharge for purposes of the Union,

calculated at the rate of ten per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided further that no surcharge shall be payable by a non-resident.

(10) For the purposes of this section and the First Schedule,—

(a) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1999, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

## CHAPTER III

## DIRECT TAXES

*Income-tax*

## 3. In section 2 of the Income-tax Act,—

Amendment of  
section 2.

(a) in clause (1B), in sub-clause (iii), for the word “nine-tenth”, the word “three-fourths” shall be substituted with effect from the 1st day of April, 2000;

(b) in clause (14), after sub-clause (v), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely:—

“(vi) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government;”;

(c) after clause (19A), the following clauses shall be inserted with effect from the 1st day of April, 2000, namely:—

“(19AA) “demerger”, in relation to companies, means the transfer, pursuant to a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956, by a demerged company of its one or more undertakings to any resulting company in such a manner that—

(i) all the property of the undertaking, being transferred by the demerged company, immediately before the demerger, becomes the property of the resulting company by virtue of the demerger;

(ii) all the liabilities relatable to the undertaking, being transferred by the demerged company, immediately before the demerger, become the liabilities of the resulting company by virtue of the demerger;

(iii) the property and the liabilities of the undertaking or undertakings being transferred by the demerged company are transferred at values appearing in its books of account immediately before the demerger;

(iv) the resulting company issues, in consideration of the demerger, its shares to the shareholders of the demerged company on a proportionate basis;

(v) the shareholders holding not less than three-fourths in value of the shares in the demerged company (other than shares already held therein immediately before the demerger, or by a nominee for, the resulting company or, its subsidiary) become shareholders of the resulting company or companies by virtue of the demerger,

otherwise than as a result of the acquisition of the property or assets of the demerged company or any undertaking thereof by the resulting company;

(vi) the transfer of the undertaking is on a going concern basis;

(vii) the demerger is in accordance with the conditions, if any, notified under sub-section (5) of section 72A by the Central Government in this behalf.

*Explanation 1.*—For the purposes of this clause, “undertaking” shall include any part of an undertaking, or a unit or division of an undertaking or a business activity taken as a whole, but does not include individual assets or liabilities or any combination thereof not constituting a business activity.

*Explanation 2.*—For the purposes of this clause, the liabilities referred to in sub-clause (ii), shall include—

(a) the liabilities which arise out of the activities or operations of the undertaking;

(b) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the undertaking; and

(c) in cases, other than those referred to in clause (a) or clause (b), so much of the amounts of general or multi-purpose borrowings, if any, of the demerged company as stand in the same proportion which the value of the assets transferred in a demerger bears to the total value of the assets of such demerged company immediately before the demerger.

*Explanation 3.*—For determining the value of the property referred to in sub-clause (iii), any change in the value of assets consequent to their revaluation shall be ignored.

*Explanation 4.*—For the purposes of this clause, the splitting up or the reconstruction of any authority or a body constituted or established under a Central, State or Provincial Act, or a local authority or a public sector company, into separate authorities or bodies or local authorities or companies, as the case may be, shall be deemed to be a demerger if such split up or reconstruction fulfils the conditions specified in sub-clauses (i) to (vii) of this clause, to the extent applicable;

(19AAA) “demerged company” means the company whose undertaking is transferred, pursuant to a demerger, to a resulting company;’;

(d) in clause (22), after sub-clause (iii) and before *Explanation 1*, the following sub-clauses shall be inserted with effect from the 1st day of April, 2000, namely:—

“(iv) any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 77A of the Companies Act, 1956;

1 of 1956.

(v) any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company).’;

(e) in clause (30), after the word “resident”, the words, figures and brackets “, and for the purposes of sections 92, 93 and 168, includes a person who is not ordinarily resident within the meaning of clause (6) of section 6” shall be inserted;

(f) after clause (41), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:—

“(41A) “resulting company” means one or more companies (including a wholly owned subsidiary thereof) to which the undertaking of the demerged company is transferred in a demerger and, the resulting company in consideration of such transfer of undertaking, issues shares to the shareholders of the demerged company and includes any authority or body or local authority or public sector company or a company established, constituted or formed as a result of demerger;’;

(g) in clause (42A), in *Explanation 1*, after sub-clause (f), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely:—

“(g) in the case of a capital asset, being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger, there shall be included the period for which the share or shares held in the demerged company were held by the assessee;’;

(h) after clause (42B), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:—

“(42C) “slump sale” means the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.

*Explanation 1.*—For the purposes of this clause, “undertaking” shall have the meaning assigned to it in *Explanation 1* to clause (19AA).

*Explanation 2.*—For the removal of doubts, it is hereby declared that the determination of the value of an asset or liability for the sole purpose of payment of stamp duty, registration fees or other similar taxes or fees shall not be regarded as assignment of values to individual assets or liabilities.'

**4.** For section 3 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2000, namely:—

Substitution of new section for section 3.

'3. For the purposes of this Act, "previous year" means the financial year immediately preceding the assessment year:

"Previous year" defined.

Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the said financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.'

**5.** In section 9 of the Income-tax Act, in sub-section (1), in clause (ii), for the *Explanation*, the following *Explanation* shall be substituted with effect from the 1st day of April, 2000, namely:—

Amendment of section 9.

*"Explanation.*—For the removal of doubts, it is hereby declared that the income of the nature referred to in this clause payable for—

(a) service rendered in India; and  
 (b) the rest period or leave period which is preceded and succeeded by services rendered in India and forms part of the service contract of employment,  
 shall be regarded as income earned in India".

**6.** In section 10 of the Income-tax Act,—

Amendment of section 10.

(a) in clause (5B), the words, brackets, figures and letter "or sub-clause (viiia) of clause (6)" shall be omitted;

(b) in clause (6BB), for the words, figures and letters "after the 31st day of March, 1997", the words, figures and letters "after the 31st day of March, 1997 but before the 1st day of April, 1999" shall be substituted with effect from the 1st day of April, 2000;

(c) in clause (10AA), in sub-clause (ii), for the words "eight months", the words "ten months" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1998;

(d) in clause (15), with effect from the 1st day of April, 2000,—

(i) in sub-clause (iv), the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1*, as so numbered, the following *Explanation* shall be inserted, namely:—

*'Explanation 2.*—For the purposes of this clause, the expression "interest" includes hedging transaction charges on account of currency fluctuation.';

(ii) after sub-clause (v), the following sub-clause shall be inserted, namely:—

"(vi) interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government;"

(e) in clause (15A), for the words, figures and letters "entered before the 1st day of April, 1997", the words, figures and letters ", not being an agreement entered into between the 1st day of April, 1997 and the 31st day of March, 1999," shall be substituted with effect from the 1st day of April, 2000;

(f) after clause (17A), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:—

‘(18) any income by way of—

(i) pension received by an individual who has been in the service of the Central Government or State Government and has been awarded “Param Vir Chakra” or “Maha Vir Chakra” or “Vir Chakra” or such other gallantry award as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(ii) family pension received by any member of the family of an individual referred to in sub-clause (i).

*Explanation.*—For the purposes of this clause, the expression “family” shall have the meaning assigned to it in the *Explanation* to clause (5);’;

(g) in clause (23C), for the second proviso, the following proviso shall be substituted, namely:—

“Provided further that the Central Government, before notifying the fund or trust or institution, or the prescribed authority, before approving any university or other educational institution or any hospital or other medical institution, under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), may call for such documents (including audited annual accounts) or information from the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, as it thinks necessary in order to satisfy itself about the genuineness of the activities of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, and the Central Government or the prescribed authority, as the case may be, may also make such inquiries as it deems necessary in this behalf:”;

(h) in clause (23D), for the words “any income of—”, the words, figures and letter “subject to the provisions of Chapter XII-E, any income of—” shall be substituted with effect from the 1st day of April, 2000;

(i) in clause (23F), after the second proviso and before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:—

“Provided also that nothing contained in this clause shall apply in respect of any investment made after the 31st day of March, 1999.”;

(j) after clause (23F), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:—

‘(23FA) any income by way of dividends, other than dividends referred to in section 115-O, or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking:

Provided that such venture capital fund or venture capital company is approved, for the purposes of this clause, by the Central Government on an application made to it in accordance with the rules made in this behalf and which satisfies the prescribed conditions:

Provided further that any approval by the Central Government shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the order of approval.

*Explanation.*—For the purposes of this clause,—

(a) “venture capital fund” means such fund, operating under a trust deed

16 of 1908.

registered under the provisions of the Registration Act, 1908, established to raise monies by the trustees for investments mainly by way of acquiring equity shares of a venture capital undertaking in accordance with the prescribed guidelines;

(b) "venture capital company" means such company as has made investments by way of acquiring equity shares of venture capital undertakings in accordance with the prescribed guidelines; and

(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the—

(i) business of—

(A) software;

(B) information technology;

(C) production of basic drugs in the pharmaceutical sector;

(D) bio-technology;

(E) agriculture and allied sectors; or

(F) such other sectors as may be notified by the Central Government in this behalf; or

(ii) production or manufacture of any article or substance for which patent has been granted to the National Research Laboratory or any other scientific research institution approved by the Department of Science and Technology;';

(k) in clause (23G), with effect from the 1st day of April, 2000,—

(A) for the words "the business of developing, maintaining and operating", the words, brackets and figures "the business of (i) developing, (ii) maintaining and operating, or (iii) developing, maintaining and operating" shall be substituted;

(B) in the *Explanation*, in clause (c),—

(i) in sub-clause (i), for the word, brackets, figure and letter "sub-section (4A)", the words, brackets and figures "clause (i) of sub-section (4)" shall be substituted;

(ii) for sub-clause (ii), the following sub-clause shall be substituted, namely:—

"(ii) an industrial undertaking which—

(a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2003;

(b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2003;";

(C) for sub-clause (iv), the following sub-clauses shall be substituted, namely:—

"(iv) a project for housing which fulfils the conditions specified in sub-section (10) of section 80-IB;

(v) an undertaking for developing, developing and operating or maintaining and operating an industrial park notified by the Central Government under clause (iii) of sub-section (4) of section 80-IA;";

(l) after clause (29), the following clause shall be inserted, namely:—

‘(29A) any income accruing or arising to—

(a) the Coffee Board constituted under section 4 of the Coffee Act, 1942 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

7 of 1942.

(b) the Rubber Board constituted under sub-section (1) of section 4 of the Rubber Board Act, 1947 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

24 of 1947.

(c) the Tea Board established under section 4 of the Tea Act, 1953 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

29 of 1953.

(d) the Tobacco Board constituted under the Tobacco Board Act, 1975 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1975 or the previous year in which such Board was constituted, whichever is later;

4 of 1975.

(e) the Marine Products Export Development Authority established under section 4 of the Marine Products Export Development Authority Act, 1972 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1972 or the previous year in which such Authority was constituted, whichever is later;

13 of 1972.

(f) the Agricultural and Processed Food Products Export Development Authority established under section 4 of the Agricultural and Processed Food Products Export Development Act, 1985 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1985 or the previous year in which such Authority was constituted, whichever is later;

2 of 1986.

(g) the Spices Board constituted under sub-section (1) of section 3 of the Spices Board Act, 1986 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1986 or the previous year in which such Board was constituted, whichever is later;’;

10 of 1986.

(m) for clause (33), the following clause shall be substituted with effect from the 1st day of April, 2000, namely:—

“(33) any income by way of—

(i) dividends referred to in section 115-O; or

(ii) income received in respect of units from the Unit Trust of India established under the Unit Trust of India Act, 1963; or

52 of 1963.

(iii) income received in respect of the units of a mutual fund specified under clause (23D);’.

Insertion of new section 10C.

7. After section 10B of the Income-tax Act, the following section shall be inserted, namely:—

‘10C. (1) Subject to the provisions of this section, any profits and gains derived by an assessee from an industrial undertaking, which has begun or begins to manufacture or produce any article or thing on or after the 1st day of April, 1998 in any Integrated Infrastructure Development Centre or Industrial Growth Centre located in the North-Eastern Region (hereafter in this section referred to as the industrial undertaking) shall not be included in the total income of the assessee.

(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely:—

Special provision in respect of certain industrial undertakings in North-Eastern Region.

(i) it is not formed by the splitting up, or the reconstruction of, a business already in existence;

Provided that this condition shall not apply in respect of any industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

*Explanation.*—The provisions of *Explanation 1* and *Explanation 2* to sub-section (3) of section 80-IA shall apply for the purposes of clause (ii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.

(3) The profits and gains referred to in sub-section (1) shall not be included in the total income of the assessee in respect of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things.

(4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee of any previous year relevant to any subsequent assessment year,—

(i) section 32, section 35 and clause (ix) of sub-section (1) of section 36 shall apply as if deduction referred to therein and relating to or allowable for any of the relevant assessment years, in relation to any building, machinery, plant or furniture used for the purposes of the business of the industrial undertaking in the previous year relevant to such assessment year or any expenditure incurred for the purposes of such business in such previous year had been given full effect to for that assessment year itself and, accordingly, sub-section (2) of section 32, sub-section (4) of section 35 or the second proviso to clause (ix) of sub-section (1) of section 36, as the case may be, shall not apply in relation to any such deduction;

(ii) no loss referred to in sub-section (1) of section 72 or sub-section (1) or sub-section (3) of section 74, in so far as such loss relates to the business of the industrial undertaking, shall be carried forward or set off where such loss relates to any of the relevant assessment years;

(iii) no deduction shall be allowed under section 80HH or section 80HHA or section 80-I or section 80-IA or section 80-IB or section 80JJA in relation to the profits and gains of the industrial undertakings; and

(iv) in computing the depreciation allowance under section 32, the written down value of any asset used for the purposes of the business of the industrial undertaking shall be computed as if the assessee had claimed and been actually allowed the deduction in respect of depreciation for each of the relevant assessment years.

(5) The provisions of sub-section (8) and sub-section (10) of section 80-IA shall, so far as may be, apply in relation to the industrial undertaking referred to in this section as they apply for the purposes of the industrial undertaking referred to in section 80-IA or section 80-IB, as the case may be.

(6) Notwithstanding anything contained in the foregoing provisions of this section, where the assessee before the due date for furnishing the return of his income under sub-section (1) of section 139, furnishes to the Assessing Officer a declaration in writing that the provisions of this section may not be made applicable to him, the provisions of this section shall not apply to him in any of the relevant assessment years.

*Explanation.*—For the purposes of this section,—

(i) “Integrated Infrastructure Development Centre” means such centres located in the States of the North-Eastern Region, which the Central Government may, by notification in the Official Gazette, specify for the purposes of this section;

(ii) “Industrial Growth Centre” means such centres located in the States of the North-Eastern Region, which the Central Government may, by notification in the Official Gazette, specify for the purposes of this section;

(iii) “North-Eastern Region” means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(iv) “relevant assessment years” means the ten consecutive years beginning with the year in which the industrial undertaking begins to manufacture or produce articles or things.’.

**8. In section 12A of the Income-tax Act, the words “Chief Commissioner or”, wherever they occur, shall be omitted with effect from the 1st day of June, 1999.**

**9. In section 12AA of the Income-tax Act, with effect from the 1st day of June, 1999,—**

(a) in sub-section (1), the words “Chief Commissioner or” shall be omitted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) All applications, pending before the Chief Commissioner on which no order has been passed under clause (b) of sub-section (1) before the 1st day of June, 1999, shall stand transferred on that day to the Commissioner and the Commissioner may proceed with such applications under that sub-section from the stage at which they were on that day.”.

**10. In section 17 of the Income-tax Act, in clause (2), after sub-clause (iii), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely:—**

“(iiiia) the value of any specified security allotted or transferred, directly or indirectly, by any person free of cost or at concessional rate, to an individual who is or has been in employment of that person:

Provided that in a case where allotment or transfer of specified securities is made in pursuance of an option exercised by an individual, the value of the specified securities shall be taxable in the previous year in which such option is exercised by such individual.

*Explanation.*—For the purposes of this clause,—

(a) “cost” means the amount actually paid for acquiring specified securities and where no money has been paid, the cost shall be taken as *nil*;

(b) “specified security” means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 and includes employees’ stock option and sweat equity shares;

(c) “sweat equity shares” means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called; and

(d) “value” means the difference between the fair market value and the cost for acquiring specified securities.’.

**11. In section 24 of the Income-tax Act, in sub-section (2), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:—**

‘Provided further that where the property is acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed before the 1st day of April, 2001, the provisions of the first proviso shall

have effect as if for the words "thirty thousand rupees", the words "seventy-five thousand rupees" had been substituted.'

**12.** In section 32 of the Income-tax Act, in sub-section (1), in clause (ii), for the fourth proviso, the following proviso shall be substituted with effect from the 1st day of April, 2000, namely:—

"Provided also that the aggregate deduction, in respect of depreciation of buildings, machinery, plant or furniture, being tangible assets or know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets allowable to the predecessor and the successor in the case of succession referred to in clause (xiii) and clause (xiv) of section 47 or section 170 or to the amalgamating company and the amalgamated company in the case of amalgamation, or to the demerged company and the resulting company in the case of demerger, as the case may be, shall not exceed in any previous year the deduction calculated at the prescribed rates as if the succession or the amalgamation or the demerger, as the case may be, had not taken place, and such deduction shall be apportioned between the predecessor and the successor, or the amalgamating company and the amalgamated company, or the demerged company and the resulting company, as the case may be, in the ratio of the number of days for which the assets were used by them".

**13.** In section 33ABA of the Income-tax Act, in sub-section (7), the proviso shall be omitted.

Amendment of section 32.

**14.** In section 33AC of the Income-tax Act, in sub-section (3), in clause (c), for the words "sold or otherwise transferred" the words "sold or otherwise transferred, other than in any scheme of demerger" shall be substituted with effect from the 1st day of April, 2000.

Amendment of section 33AC.

**15.** In section 35 of the Income-tax Act, with effect from the 1st day of April, 2000,—

Amendment of section 35.

(a) in sub-section (1),—

(i) in clause (ii),—

(A) for the words "any sum paid", the words "an amount equal to one and one-fourth times of any sum paid" shall be substituted;

(B) in the proviso, for the words "prescribed authority", the words "Central Government" shall be substituted;

(ii) in clause (iii),—

(A) for the words "any sum paid", the words "an amount equal to one and one-fourth times of any sum paid" shall be substituted;

(B) in the proviso, for the words "prescribed authority", the words "Central Government" shall be substituted;

(iii) after clause (iv), in the first proviso, second proviso and third proviso, for the words "prescribed authority", wherever they occur, the words "Central Government" shall be substituted;

(b) in sub-section (2AB), in clause (5), for the figures "2000", the figures "2005" shall be substituted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) If any question arises under this section as to whether, and if so, to what extent, any activity constitutes or constituted, or any asset is or was being used for, scientific research, the Board shall refer the question to—

(a) the Central Government, when such question relates to any activity under clauses (ii) and (iii) of sub-section (1), and its decision shall be final;

*(b) the prescribed authority, when such question relates to any activity other than the activity specified in clause (a), whose decision shall be final.”.*

**16. In section 35A of the Income-tax Act, after sub-section (6), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—**

*“(7) Where in a scheme of demerger, the demerged company sells or otherwise transfers the rights to the resulting company (being an Indian company),—*

*(i) the provisions of sub-sections (3) and (4) shall not apply in the case of the demerged company; and*

*(ii) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company, if the latter had not sold or otherwise transferred the rights.”.*

**17. In section 35AB of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—**

*“(3) Where there is a transfer of an undertaking under a scheme of amalgamation or demerger and the amalgamating or the demerged company is entitled to a deduction under this section, then, the amalgamated company or the resulting company, as the case may be, shall be entitled to claim deduction under this section in respect of such undertaking to the same extent and in respect of the residual period as it would have been allowable to the amalgamating company or the demerged company, as the case may be, had such amalgamation or demerger not taken place.”.*

**18. In section 35ABB of the Income-tax Act,—**

*(a) in sub-section (1), for the words “for acquiring any right to operate telecommunication services”, the words “for acquiring any right to operate telecommunication services either before the commencement of the business to operate telecommunication services or thereafter at any time during any previous year” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1996;*

*(b) in the *Explanation* to sub-section (1), for clause (i), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1996, namely:—*

*‘(i) “relevant previous years” means,—*

*(A) in a case where the licence fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced;*

*(B) in any other case, the previous years beginning with the previous year in which the licence fee is actually paid,*

*and the subsequent previous year or years during which the licence, for which the fee is paid, shall be in force’;*

*(c) after sub-section (6), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—*

*“(7) Where, in a scheme of demerger, the demerged company sells or otherwise transfers the licence to the resulting company (being an Indian company),—*

*(i) the provisions of sub-sections (2), (3) and (4) shall not apply in the case of the demerged company; and*

(ii) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company if the latter had not transferred the licence.”;

(d) after sub-section (7), as so inserted, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1996, namely:—

“(8) Where a deduction for any previous year under sub-section (1) is claimed and allowed in respect of any expenditure referred to in that sub-section, no deduction shall be allowed under sub-section (1) of section 32 for the same previous year or any subsequent previous year.”.

19. In section 35D of the Income-tax Act, after sub-section (5), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—

“(5A) Where the undertaking of an Indian company which is entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in sub-section (1), to another company in a scheme of demerger,—

(i) no deduction shall be admissible under sub-section (1) in the case of the demerged company for the previous year in which the demerger takes place; and

(ii) the provisions of this section shall, as far as may be, apply to the resulting company, as they would have applied to the demerged company, if the demerger had not taken place.”.

20. After section 35D of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:—

“35DD. (1) Where an assessee, being an Indian company, incurs any expenditure, on or after the 1st day of April, 1999, wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the assessee shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.

(2) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) under any other provision of this Act.”.

21. In section 35E of the Income-tax Act, after sub-section (7), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—

“(7A) Where the undertaking of an Indian company which is entitled to the deduction under sub-section (1) is transferred, before the expiry of the period of ten years specified in sub-section (1), to another Indian company in a scheme of demerger,—

(i) no deduction shall be admissible under sub-section (1) in the case of the demerged company for the previous year in which the demerger takes place; and

(ii) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company, if the demerger had not taken place.”.

22. In section 36 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2000,—

(a) clause (iia) shall be omitted;

(b) in clause (viiia), in sub-clause (a), the following shall be inserted, namely:—

‘Provided that a scheduled bank or a non-scheduled bank referred to in this sub-clause shall, at its option, be allowed in any of the relevant assessment years, deduction in respect of any provision made by it for any assets classified by the Reserve Bank

Amendment of section 35D.

Insertion of new section 35DD.

Amortisation of expenditure in case of amalgamation or demerger.

Amendment of section 35E.

Amendment of section 36.

of India as doubtful assets or loss assets in accordance with the guidelines issued by it in this behalf, for an amount not exceeding five per cent. of the amount of such assets shown in the books of account of the bank on the last day of the previous year.

*Explanation.*—For the purposes of this sub-clause, “relevant assessment years” means the five consecutive assessment years commencing on or after the 1st day of April, 2000 and ending before the 1st day of April, 2005;—

(c) in clause (viii),—

(i) the first proviso shall be omitted;

(ii) in the second proviso, for the words “Provided further that”, the words “Provided that” shall be substituted;

(d) after clause (x), the following shall be inserted, namely:—

‘(xi) any expenditure incurred by the assessee, on or after the 1st day of April, 1999 but before the 1st day of April, 2000, wholly and exclusively in respect of a non-Y2K compliant computer system, owned by the assessee and used for the purposes of his business or profession, so as to make such computer system Y2K compliant computer system:

Provided that no such deduction shall be allowed in respect of such expenditure under any other provisions of this Act:

Provided further that no such deduction shall be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this clause.

*Explanation.*—For the purposes of this clause,—

(a) “computer system” means a device or collection of devices including input and output support devices and excluding calculators which are not programmable and capable of being used in conjunction with external files, or more of which contain computer programmes, electronic instructions, input data and output data, that performs functions including, but not limited to, logic, arithmetic, data storage and retrieval, communication and control;

(b) “Y2K compliant computer system” means a computer system capable of correctly processing, providing or receiving data relating to date within and between the twentieth and twenty-first century.’

Amendment  
of section 40A.

23. In section 40A of the Income-tax Act, for sub-section (7), the following sub-section shall be substituted with effect from the 1st day of April, 2000, namely:—

“(7) (a) Subject to the provisions of clause (b), no deduction shall be allowed in respect of any provision (whether called as such or by any other name) made by the assessee for the payment of gratuity to his employees on their retirement or on termination of their employment for any reason.

(b) Nothing in clause (a) shall apply in relation to any provision made by the assessee for the purpose of payment of a sum by way of any contribution towards an approved gratuity fund, or for the purpose of payment of any gratuity, that has become payable during the previous year.

*Explanation.*—For the removal of doubts, it is hereby declared that where any provision made by the assessee for the payment of gratuity to his employees on their retirement or termination of their employment for any reason has been allowed as a deduction in computing the income of the assessee for any assessment year, any sum paid out of such provision by way of contribution towards an approved gratuity fund or

by way of gratuity to any employee shall not be allowed as a deduction in computing the income of the assessee of the previous year in which the sum is so paid.”.

**24.** In section 41 of the Income-tax Act, in sub-section (1), in *Explanation 2*, after clause (iii), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:—

“(iv) where there has been a demerger, the resulting company.”.

**25.** In section 42 of the Income-tax Act, in sub-section (2), in clause (c), for the proviso, the following proviso shall be substituted with effect from the 1st day of April, 2000, namely:—

“Provided that where in a scheme of amalgamation or demerger, the amalgamating or the demerged company sells or otherwise transfers the business to the amalgamated or the resulting company (being an Indian company), the provisions of this sub-section—

(i) shall not apply in the case of the amalgamating or the demerged company; and

(ii) shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the latter had not transferred the business or interest in the business.”.

**26.** In section 43 of the Income-tax Act, with effect from the 1st day of April, 2000,—

(a) in clause (1),—

(i) after *Explanation 7*, the following *Explanation* shall be inserted, namely:—

“*Explanation 7A*.—Where, in a demerger, any capital asset is transferred by the demerged company to the resulting company and the resulting company is an Indian company, the actual cost of the transferred capital asset to the resulting company shall be taken to be the same as it would have been if the demerged company had continued to hold the capital asset for the purpose of its own business:

Provided that such actual cost shall not exceed the written down value of such capital asset in the hands of the demerged company.”;

(ii) after *Explanation 10*, the following *Explanation* shall be inserted, namely:—

“*Explanation 11*.—Where an asset which was acquired outside India by an assessee, being a non-resident, is brought by him to India and used for the purposes of his business or profession, the actual cost of the asset to the assessee shall be the actual cost to the assessee, as reduced by an amount equal to the amount of depreciation calculated at the rate in force that would have been allowable had the asset been used in India for the said purposes since the date of its acquisition by the assessee.”;

(b) in clause (6),—

(i) in sub-clause (c), in item (i), after sub-item (B), the following sub-item shall be inserted, namely:—

“(C) in the case of a slump sale, decrease by the actual cost of the asset falling within that block as reduced—

(a) by the amount of depreciation actually allowed to him under this Act or under the corresponding provisions of the Indian Income-tax Act, 1922 in respect of any previous year relevant to the assessment year commencing before the 1st day of April, 1988; and

(b) by the amount of depreciation that would have been allowable to the assessee for any assessment year commencing on or after the 1st day of April, 1988 as if the asset was the only asset in the relevant block of assets,

Amendment  
of section 41.

Amendment  
of section 42.

Amendment  
of section 43

so, however, that the amount of such decrease does not exceed the written down value;”;

(ii) after *Explanation 2*, the following *Explanations* shall be inserted, namely:—

“*Explanation 2A*.—Where in any previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (1), the written down value of the block of assets of the demerged company for the immediately preceding previous year shall be reduced by the book value of the assets transferred to the resulting company pursuant to the demerger.

*Explanation 2B*.—Where in a previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (1), the written down value of the block of assets in the case of the resulting company shall be the value of the assets as appearing in the books of account of the demerged company immediately before the demerger:

Provided that if the value of the assets as appearing in the books of account of the demerged company immediately before the demerger exceeds the written down value of such assets in the hands of the demerged company, the amount representing such excess shall be reduced from the written down value of the assets.”.

Amendment  
of section 43B.

27. In section 43B of the Income-tax Act, in *Explanation 4*, for clause (aa), the following clause shall be substituted with effect from the 1st day of April, 2000, namely:—

‘(aa) “scheduled bank” shall have the meaning assigned to it in the *Explanation* to clause (iii) of sub-section (5) of section 11;’.

Substitution of  
new section for  
section 43D.

28. For section 43D of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2000, namely:—

‘43D. Notwithstanding anything to the contrary contained in any other provision of this Act,—

(a) in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts;

(b) in the case of a public company, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the National Housing Bank in relation to such debts,

shall be chargeable to tax in the previous year in which it is credited by the public financial institution or the scheduled bank or the State financial corporation or the State industrial investment corporation or the public company to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation or company, whichever is earlier.

*Explanation*.—For the purposes of this section,—

(a) “National Housing Bank” means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;

(b) “public company” means a company,—

(i) which is a public company within the meaning of section 3 of the Companies Act, 1956;

(ii) whose main object is carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes; and

53 of 1987.

(iii) which is registered in accordance with the Housing Finance Companies (NHB) Directions, 1989 given under section 30 and section 31 of the National Housing Bank Act, 1987;

1 of 1956.

(c) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

63 of 1951.

(d) "scheduled bank" shall have the meaning assigned to it in clause (ii) of the *Explanation* to clause (viiia) of sub-section (1) of section 36;

(e) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951;

1 of 1956.

(f) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects.'

**29.** In section 44AD of the Income-tax Act, after sub-section (5), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:—

Amendment of section 44AD.

"(6) Notwithstanding anything contained in the foregoing provisions of this section, an assessee may claim lower profits and gains than the profits and gains specified in sub-section (1), if he keeps and maintains such books of account and other documents as required under sub-section (2) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB."

**30.** In section 44AE of the Income-tax Act, after sub-section (6), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:—

Amendment of section 44AE.

"(7) Notwithstanding anything contained in the foregoing provisions of this section, an assessee may claim lower profits and gains than the profits and gains specified in sub-sections (1) and (2), if he keeps and maintains such books of account and other documents as required under sub-section (2) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB."

**31.** In section 44AF of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:—

Amendment of section 44AF.

"(5) Notwithstanding anything contained in the foregoing provisions of this section, an assessee may claim lower profits and gains than the profits and gains specified in sub-section (1), if he keeps and maintains such books of account and other documents as required under sub-section (2) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB."

**32.** In section 45 of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—

Amendment of section 45.

'(1A) Notwithstanding anything contained in sub-section (1), where any person receives at any time during any previous year any money or other assets under an insurance from an insurer on account of damage to, or destruction of, any capital asset, as a result of—

(i) flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; or

(ii) riot or civil disturbance; or

(iii) accidental fire or explosion; or

(iv) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war),

then, any profits or gains arising from receipt of such money or other assets shall be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of such person of the previous year in which such money or other asset was received and for the purposes of section 48, value of any money or the fair market value of other assets on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of such capital asset.

*Explanation.*—For the purposes of this sub-section, the expression "insurer" shall have the meaning assigned to it in clause (9) of section 2 of the Insurance Act, 1938.'

4 of 1938.

Insertion of new section 46A.

33. After section 46 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:—

Capital gains on purchase by company of its own shares or other specified securities.

'46A. Where a shareholder or a holder of other specified securities receives any consideration from any company for purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities, then, subject to the provisions of section 48, the difference between the cost of acquisition and the value of consideration received by the shareholder or the holder of other specified securities, as the case may be, shall be deemed to be the capital gains arising to such shareholder or the holder of other specified securities, as the case may be, in the year in which such shares or other specified securities were purchased by the company.

*Explanation.*—For the purposes of this section, "specified securities" shall have the meaning assigned to it in *Explanation* to section 77A of the Companies Act, 1956.'

1 of 1956.

Amendment of section 47.

34. In section 47 of the Income-tax Act, after clause (via), the following clauses shall be inserted with effect from the 1st day of April, 2000, namely:—

"(vib) any transfer, in a demerger, of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian company;

(vic) any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerged foreign company to the resulting foreign company, if—

(a) at least seventy-five per cent. of the shareholders of the demerged foreign company continue to remain shareholders of the resulting foreign company; and

(b) such transfer does not attract tax on capital gains in the country, in which the demerged foreign company is incorporated:

Provided that the provisions of sections 391 to 394 of the Companies Act, 1956 shall not apply in case of demergers referred to in this clause;

1 of 1956.

(vid) any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company if the transfer or issue is made in consideration of demerger of the undertaking;".

Amendment of section 49.

35. In section 49 of the Income-tax Act, after sub-section (2A), the following sub-sections shall be inserted with effect from the 1st day of April, 2000, namely:—

'(2B) Where the capital gain arises from the transfer of the specified security referred to in sub-clause (iiia) of clause (2) of section 17, the cost of acquisition of such specified security shall be the fair market value on the date of exercise of option.

(2C) The cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

(2D) The cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under sub-section (2C).

*Explanation.*—For the purposes of this section, “net worth” shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger.’.

**36.** After section 50A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:—

‘50B. (1) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place:

Provided that any profits or gains arising from the transfer under the slump sale of any capital asset being one or more undertakings owned and held by an assessee for not more than thirty-six months immediately preceding the date of its transfer shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

(2) In relation to capital assets being an undertaking or division transferred by way of such sale, the “net worth” of the undertaking or the division, as the case may be, shall be deemed to be the cost of acquisition and the cost of improvement for the purposes of sections 48 and 49 and no regard shall be given to the provisions contained in the second proviso to section 48.

(3) Every assessee, in the case of slump sale, shall furnish in the prescribed form along with the return of income, a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288, indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section.

*Explanation.*—For the purposes of this section, “net worth” means the net worth as defined in clause (ga) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.’.

1 of 1986.

**37.** In section 72 of the Income-tax Act, in sub-section (1), in clause (i), the proviso shall be omitted with effect from the 1st day of April, 2000.

Amendment of section 72.

**38.** For section 72A of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 2000, namely:—

Substitution of new section for section 72A.

‘72A. (1) Where there has been an amalgamation of a company owning an industrial undertaking or a ship with another company, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and other provisions of this Act relating to set-off and carry forward of loss and allowance for depreciation shall apply accordingly.

Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger, etc.

(2) Notwithstanding anything contained in sub-section (1), the accumulated loss shall not be set off or carried forward and the unabsorbed depreciation shall not be allowed in the assessment of the amalgamated company unless the amalgamated company—

(i) holds continuously for a minimum period of five years from the date of amalgamation at least three-fourths in the value of assets of the amalgamating company acquired in a scheme of amalgamation;

(ii) continues the business of the amalgamating company for a minimum period of five years from the date of amalgamation;

(iii) fulfils such other conditions as may be prescribed to ensure the revival of the business of the amalgamating company or to ensure that the amalgamation is for genuine business purpose.

(3) In a case where any of the conditions laid down in sub-section (2) are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the amalgamated company shall be deemed to be the income of the amalgamated company chargeable to tax for the year in which such conditions are not complied with.

(4) Notwithstanding anything contained in any other provisions of this Act, in the case of a demerger, the accumulated loss and the allowance for unabsorbed depreciation of the demerged company shall—

(a) where such loss or unabsorbed depreciation is directly relatable to the undertakings transferred to the resulting company, be allowed to be carried forward and set off in the hands of the resulting company;

(b) where such loss or unabsorbed depreciation is not directly relatable to the undertakings transferred to the resulting company, be apportioned between the demerged company and the resulting company in the same proportion in which the assets of the undertakings have been retained by the demerged company and transferred to the resulting company, and be allowed to be carried forward and set off in the hands of the demerged company or the resulting company, as the case may be.

(5) The Central Government may, for the purposes of this Act, by notification in the Official Gazette, specify such conditions as it considers necessary to ensure that the demerger is for genuine business purposes.

(6) Where there has been reorganisation of business, whereby, a firm is succeeded by a company fulfilling the conditions laid down in clause (xiii) of section 47 or a proprietary concern is succeeded by a company fulfilling the conditions laid down in clause (xiv) of section 47, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor firm or the proprietary concern, as the case may be, shall be deemed to be the loss or allowance for depreciation of the successor company for the purpose of previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly:

Provided that if any of the conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) to section 47 are not complied with, the set-off of loss or allowance of depreciation made in any previous year in the hands of the successor company, shall be deemed to be the income of the company chargeable to tax in the year in which such conditions are not complied with.

(7) For the purposes of this section,—

(a) "accumulated loss" means so much of the loss of the predecessor firm or the proprietary concern or the amalgamating company or the demerged company, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern or amalgamating company or demerged company, would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business or amalgamation or demerger had not taken place;

(b) "unabsorbed depreciation" means so much of the allowance for depreciation of the predecessor firm or the proprietary concern or the amalgamating company or the demerged company, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern or amalgamating company or demerged company, as the case may be, under the provisions of this Act, if the reorganisation of business or amalgamation or demerger had not taken place.'

39. In section 79 of the Income-tax Act, in clause (a), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:—

Amendment of section 79.

"Provided further that nothing contained in this section shall apply to any change in the shareholding of an Indian company which is a subsidiary of a foreign company as a result of amalgamation or demerger of a foreign company subject to the condition that fifty-one per cent. shareholders of the amalgamating or demerged foreign company continue to be the shareholders of the amalgamated or the resulting foreign company".

40. In section 80D of the Income-tax Act, with effect from the 1st day of April, 2000,—

Amendment of section 80D.

(a) in sub-section (1), after clause (ii), the following proviso shall be inserted, namely:—

'Provided that where the sum specified in sub-section (2) is paid to effect or to keep in force an insurance on the health of the assessee, or his wife or her husband or dependant parents or any member of the family in case the assessee is a Hindu undivided family, and who is a senior citizen, the provisions of this section shall have effect as if for the words "ten thousand rupees", the words "fifteen thousand rupees" had been substituted.';

(b) in sub-section (2), the following *Explanation* shall be inserted at the end, namely:—

*Explanation*.—For the purpose of this section, "senior citizen" shall have the meaning assigned to it in the *Explanation* to section 80DDB.'

41. In section 80DD of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of April, 2000, namely:—

Amendment of section 80DD.

"(1) Where an assessee, who is a resident in India, being an individual or a Hindu undivided family has, during the previous year,—

(a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a handicapped dependant; or

(b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or Unit Trust of India subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of handicapped dependant,

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of forty thousand rupees in respect of the previous year".

42. In section 80DDB of the Income-tax Act, with effect from the 1st day of April, 2000,—

Amendment of section 80DDB.

(a) for the word "incurred", the words "actually incurred" shall be substituted;

(b) for the words "fifteen thousand rupees", the words "forty thousand rupees" shall be substituted;

(c) after the proviso, the following provisos shall be inserted, namely:—

'Provided further that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer for the medical treatment of the person referred to in clause (a) or clause (b):

Provided also that where the expenditure incurred is in respect of the assessee or his dependant relative or any member of a Hindu undivided family of the assessee and who is a senior citizen, the provisions of this section shall have effect as if for the words "forty thousand rupees", the words "sixty thousand rupees" had been substituted.;

(d) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

*Explanation.*—For the purposes of this section,—

(i) "dependant" means a person who is not dependant for his support or maintenance on any person other than the assessee;

(ii) "insurer" shall have the meaning assigned to it in clause (9) of section 2 of the Insurance Act, 1938;

(iii) "senior citizen" means an individual resident in India who is of the age of sixty-five years or more at any time during the relevant previous year.'

4 of 1938.

**43. In section 80G of the Income-tax Act, with effect from the 1st day of April, 2000,—**

(a) in sub-section (1), in clause (i), after the words, brackets, figures and letters "or sub-clause (iiihh)", the words, brackets, figures and letters "or sub-clause (iiiii)" shall be inserted;

(b) in sub-section (2), in clause (a), after sub-clause (iiihh), the following sub-clause shall be inserted, namely:—

"(iiiii) the Fund for Technology Development and Application set up by the Central Government; or";

(c) after sub-section (5A) and before *Explanation* 1, the following sub-section shall be inserted, namely:—

"(5B) Notwithstanding anything contained in clause (ii) of sub-section (5) and *Explanation* 3, an institution or fund which incurs expenditure, during any previous year, which is of a religious nature for an amount not exceeding five per cent. of its total income in that previous year shall be deemed to be an institution or fund to which the provisions of this section apply."

Amendment  
of section  
80HHA.

**44. In section 80HHA of the Income-tax Act, in the *Explanation*, for clause (b), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1978, namely:—**

"(b) an industrial undertaking shall be deemed to be a small-scale industrial undertaking which is, on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951."

65 of 1951.

Amendment  
of section  
80HHB.

**45. In section 80HHB of the Income-tax Act, with effect from the 1st day of June, 1999,—**

(a) in sub-section (3),—

(i) after clause (i), the following clause shall be inserted, namely:—

"(ia) the assessee furnishes, along with his return of income, a certificate in the prescribed form from an accountant as defined in the *Explanation* below sub-section (2) of section 288, duly signed and verified by such accountant, certifying that the deduction has been correctly claimed in accordance with the provisions of this section;"

(ii) in clause (iii), for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words

"within such further period as the competent authority may allow in this behalf" shall be substituted;

(b) after sub-section (3), the following *Explanation* shall be inserted, namely:—

**'Explanation.**—For the purposes of clause (iii), the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

**46. In section 80HHC of the Income-tax Act,—**

(a) in sub-section (2), with effect from the 1st day of June, 1999,—

Amendment  
of section  
80HHC.

(i) in clause (a), for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(ii) after clause (a), the following *Explanation* shall be inserted, namely:—

**'Explanation.**—For the purposes of this clause, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

(b) after sub-section (4A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1992, namely:—

"(4B) For the purposes of computing the total income under sub-section (1) or sub-section (1A), any income not charged to tax under this Act shall be excluded."

**47. In section 80HHD of the Income-tax Act,—**

Amendment  
of section  
80HHD.

(a) in sub-section (2), with effect from the 1st day of June, 1999,—

(i) for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(ii) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

**'Explanation 2.**—For the purposes of this sub-section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

(b) in sub-section (2A), for the word "*Explanation*", the word and figure "*Explanation 1*" shall be substituted with effect from the 1st day of June, 1999;

(c) in sub-section (4), with effect from the 1st day of April, 2000,—

(i) after clause (e), the following clause shall be inserted, namely:—

"(f) subscription to equity shares forming part of any eligible issue of capital made by a public company:";

(ii) in the proviso, for the words, brackets and letters "clauses (a) to (e)", the words, brackets and letters "clauses (a) to (f)" shall be substituted;

(d) after sub-section (5), the following sub-section and *Explanation* shall be inserted with effect from the 1st day of April, 2000, namely:—

"(5A) Where any amount credited to the reserve account under clause (b) of sub-section (1) has been utilised for subscription to any equity shares referred to in clause

(f) of sub-section (4) and either whole or any part of such equity shares are transferred or converted into money by the assessee at any time within a period of three years from the date of their acquisition, the aggregate amount so utilised in respect of such equity shares shall be deemed to be the profits of the previous year in which the equity shares are transferred or converted into money.

*Explanation.*—A person shall be treated as having acquired any shares on the date on which his name is entered in relation to those shares in the register of members of the public company.”;

(e) in sub-section (6), for the words, brackets and figure “*Explanation* to sub-section (2)”, the words, brackets and figures “*Explanation 1* to sub-section (2)” shall be substituted with effect from the 1st day of June, 1999;

(f) in the *Explanation*, after clause (d), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:—

‘(e) “eligible issue of capital” means an issue made by a public company formed and registered in India and the entire proceeds of the issue is utilised wholly and exclusively for the purpose of carrying on the business of—

(i) setting up and running of new hotels approved by the prescribed authority; or

(ii) providing such new facility for the growth of tourism in India, as the Central Government may, by notification in the Official Gazette, specify.’.

**48.** In section 80HHE of the Income-tax Act, in sub-section (2), with effect from the 1st day of June, 1999,—

(a) for the portion beginning with the words “where the Commissioner” and ending with the words “may allow in this behalf”, the words “within such further period as the competent authority may allow in this behalf” shall be substituted;

(b) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

‘*Explanation 2.*—For the purposes of this sub-section, the expression “competent authority” means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.’.

**49.** After section 80HHE, the following section shall be inserted with effect from the 1st day of April, 2000, namely:—

**‘80HHF. (1)** Where an assessee, being an Indian company, is engaged in the business of export or transfer by any means out of India, of any film software, television software, music software, television news software, including telecast rights (hereafter in this section referred to as the software or software rights), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of the profits derived by the assessee from such business.

(2) The deduction specified in sub-section (1) shall be allowed only if the consideration in respect of the software or software rights referred to in that sub-section is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf.

(3) For the purposes of sub-section (1), profits derived from the business referred to in that sub-section shall be the amount which bears to the profits of the business, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

Amendment  
of section  
80HHE.

Insertion of new  
section 80HHF.

Deduction in  
respect of  
profits and gains  
from export or  
transfer of film  
software, etc.

(4) The deduction under sub-section (1) shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

(5) Where a deduction under this section is claimed and allowed in respect of profits of the business referred to in sub-section (1) for any assessment year, no deduction shall be allowed in relation to such profits under any other provision of this Act for the same or any other assessment year.

(6) Notwithstanding anything contained in this section, no deduction shall be allowed in respect of the software or software rights referred to in sub-section (1), if such business is prohibited by any law for the time being in force.

*Explanation.*—For the purposes of this section,—

(a) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange;

(b) "convertible foreign exchange" shall have the meaning assigned to it in clause (a) of the *Explanation* to section 80HHC;

(c) "export turnover" means the consideration in respect of the software or software rights specified in clauses (d), (e), (g), (h) and (i), received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section (2), but does not include freight, telecommunication charges or insurance attributable to the delivery of such software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

(d) "film software" means a copy of a cinematograph film made by any process analogous to cinematography on acetate polyester or celluloid film positive, magnetic tape, digital media or other optical or magnetic devices and certified by the Board of film certification constituted by the Central Government under section 3 of the Cinematograph Act, 1952;

(e) "music software" includes series of sounds or music recorded on magnetic tape, cassette, compact discs and digital media which can be played or reproduced on any appropriate apparatus;

(f) "profits of the business" means the profits of the business as computed under the head "profits and gains of business or profession" as reduced by—

(A) ninety per cent. of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(B) the profits of any branch, office, warehouse or any other establishment of the assessee situated outside India;

(g) "telecast rights" means a licence or contract to exhibit motion pictures or television programmes over a television network either through terrestrial transmission or through a satellite broadcast in a specified territory;

(h) "television news software" means a collection of sounds and images, reportage, data and voice of actualities broadcast either through terrestrial transmission, wire or satellite, live or pre-recorded on video cassettes or digital media;

(i) "television software" means any programme or series of sounds and images recorded on film or tape or digital media or broadcast through terrestrial transmitter, satellite or any other means of diffusion;

(j) "total turnover" shall not include—

(A) any sum referred to in clauses (iiia), (iiib) and (iiic) of section 28;

(B) any freight, telecommunication charges or insurance attributable to the delivery of the film software, music software, telecast rights, television news software, or television software as defined in clause (d), (e), (g), (h) or (i), as the case may be, outside India;

(C) expenses, if any, incurred in foreign exchange in providing the technical services outside India.'

Substitution of new sections for section 80-IA.

**50.** For section 80-IA of the Income-tax Act, the following sections shall be substituted with effect from the 1st day of April, 2000, namely:—

Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

'80-IA. (1) Where the gross total income of an assessee includes any profits and gains derived from any business of an industrial undertaking or an enterprise referred to in sub-section (4) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to hundred per cent. of profits and gains derived from such business for the first five assessment years commencing at any time during the periods as specified in sub-section (2) and thereafter, twenty-five per cent. of the profits and gains for further five assessment years:

Provided that where the assessee is a company, the provisions of this sub-section shall have effect as if for the words "twenty-five per cent.", the words "thirty per cent." had been substituted.

(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or starts providing telecommunication service or develops an industrial park or generates power or commences transmission or distribution of power:

Provided that where the assessee begins operating and maintaining any infrastructure facility referred to in clause (b) of *Explanation* to clause (i) of sub-section (4), the provisions of this sub-section shall have effect as if for the words "fifteen years", the words "twenty years" had been substituted.

(3) This section applies to any industrial undertaking which fulfils all the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, re-construction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

*Explanation* 1.—For the purposes of clause (ii), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India from any country outside India; and

(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of machinery or plant by the assessee.

*Explanation 2.*—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.

(4) This section applies to—

(i) any enterprise carrying on the business of (i) developing, (ii) maintaining and operating or (iii) developing, maintaining and operating any infrastructure facility which fulfils all the following conditions, namely:—

(a) it is owned by a company registered in India or by a consortium of such companies;

(b) it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for (i) developing, (ii) maintaining and operating or (iii) developing, maintaining and operating a new infrastructure facility subject to the condition that such infrastructure facility shall be transferred to the Central Government, State Government, local authority or such other statutory body, as the case may be, within the period stipulated in the agreement;

(c) it has started or starts operating and maintaining the infrastructure facility on or after the 1st day of April, 1995:

Provided that where an infrastructure facility is transferred on or after the 1st day of April, 1999 by an enterprise which developed such infrastructure facility (hereafter referred to in this section as the transferor enterprise) to another enterprise (hereafter in this section referred to as the transferee enterprise) for the purpose of operating and maintaining the infrastructure facility on its behalf in accordance with the agreement with the Central Government, State Government, local authority or statutory body, the provisions of this section shall apply to the transferee enterprise as if it were the enterprise to which this clause applies and the deduction from profits and gains would be available to such transferee enterprise for the unexpired period during which the transferor enterprise would have been entitled to the deduction, if the transfer had not taken place.

*Explanation.*—For the purposes of this clause, "infrastructure facility" means,—

(a) a road, bridge, airport, port, inland waterways and inland ports, rail system or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette;

(b) a highway project including housing or other activities being an integral part of the highway project; and

(c) a water supply project, irrigation project, sanitation and sewerage system;

(ii) any undertaking which has started or starts providing telecommunication services whether basic or cellular, including radio paging, domestic satellite service or network of trunking and electronic data interchange services at any time on or after the 1st day of April, 1995 but before the 31st day of March, 2000.

*Explanation.*—For the purposes of this clause, "domestic satellite" means a satellite owned and operated by an Indian company for providing telecommunication service.

(iii) any undertaking which develops, develops and operates or maintains and operates an industrial park notified by the Central Government in accordance with the scheme framed and notified by that Government for the period beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2002:

Provided that in a case where an undertaking develops an industrial park on or after the 1st day of April, 1999 and transfers the operation and maintenance of such industrial park to another undertaking (hereafter in this section referred to as the transferee undertaking) the deduction under sub-section (1), shall be allowed to such transferee undertaking for the remaining period in the ten consecutive assessment years in a manner as if the operation and maintenance were not so transferred to the transferee undertaking;

(iv) an industrial undertaking which,—

(a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2003;

(b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2003:

Provided that the deduction under this section to an industrial undertaking under sub-clause (b) shall be allowed only in relation to the profits derived from laying of such network of new lines for transmission or distribution.

(5) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

(6) Notwithstanding anything contained in sub-section (4), where housing or other activities are an integral part of the highway project and the profits of which are computed on such basis and manner as may be prescribed, such profit shall not be liable to tax where the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding housing and other activities before the expiry of three years following the year in which such amount was transferred to the reserve account; and the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.

(7) Where the assessee is a person other than a company or a co-operative society, the deduction under sub-section (1) from profits and gains derived from an industrial undertaking shall not be admissible unless the accounts of the industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(8) Where any goods held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the

profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.

*Explanation.*—For the purposes of this sub-section, “market value”, in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

(9) Where any amount of profits and gains of an industrial undertaking or of an enterprise in the case of an assessee is claimed and allowed under this section for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of this Chapter under the heading “C.—Deductions in respect of certain incomes”, and shall in no case exceed the profits and gains of such eligible business of industrial undertaking or enterprise, as the case may be.

(10) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

(11) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification.

(12) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—

(a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and

(b) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.

80-IB. (1) Where the gross total income of an assessee includes any profits and gains derived from any business referred to in sub-sections (3) to (11) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in this section.

Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the

assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(iii) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India:

Provided that the condition in this clause shall, in relation to a small-scale industrial undertaking or an industrial undertaking referred to in sub-section (4) shall apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted.

*Explanation 1.*—For the purposes of clause (ii), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India from any country outside India; and

(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

*Explanation 2.*—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with;

(iv) in a case where the industrial undertaking manufactures or produces articles or things, the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

(3) The amount of deduction in the case of an industrial undertaking shall be twenty-five per cent. (or thirty per cent. where the assessee is a company), of the profits and gains derived from such industrial undertaking for a period of ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) beginning with the initial assessment year subject to the fulfilment of the following conditions, namely:—

(i) it begins to manufacture or produce, articles or things or to operate such plant or plants at any time during the period beginning from the 1st day of April, 1991 and ending on the 31st day of March, 1995 or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular undertaking;

(ii) where it is an industrial undertaking being a small-scale industrial undertaking, it begins to manufacture or produce articles or things or to operate its cold storage plant [not specified in sub-section (4) or sub-section (5)] at any time during the period beginning on the 1st day of April, 1995 and ending on the 31st day of March, 2000.

(4) The amount of deduction in the case of an industrial undertaking in an industrially backward State specified in the Eighth Schedule shall be hundred per cent. of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains derived from such industrial undertaking:

Provided that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) subject to fulfilment of the condition that it begins to manufacture or produce articles or things or to operate its cold storage plant or plants during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2000:

Provided further that in the case of such industries in the North-Eastern Region, as may be notified by the Central Government, the amount of deduction shall be hundred per cent. of profits and gains for a period of ten assessment years, and the total period of deduction shall in such a case not exceed ten assessment years.

(5) The amount of deduction in the case of an industrial undertaking located in such industrially backward districts as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf as industrially backward district of category 'A' or an industrially backward district of category 'B' shall be,—

(i) hundred per cent. of the profits and gains derived from an industrial undertaking located in a backward district of category 'A' for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains of an industrial undertaking:

Provided that the total period of deduction shall not exceed ten consecutive assessment years or where the assessee is a co-operative society, twelve consecutive assessment years:

Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the 31st day of March, 2000;

(ii) hundred per cent. of the profits and gains derived from an industrial undertaking located in a backward district of category 'B' for three assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains of an industrial undertaking:

Provided that the total period of deduction does not exceed eight consecutive assessment years (or where the assessee is a co-operative society, twelve consecutive assessment years):

Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the 31st day of March, 2000.

(6) The amount of deduction in the case of the business of a ship shall be thirty per cent. of the profits and gains derived from such ship for a period of ten consecutive assessment years including the initial assessment year provided that the ship—

(i) is owned by an Indian company and is wholly used for the purposes of the business carried on by it;

(ii) was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and

(iii) is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.

(7) The amount of deduction in the case of any hotel shall be—

(a) fifty per cent. of the profits and gains derived from the business of such hotel for a period of ten consecutive years beginning from the initial assessment year as is located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may, having regard to the need for development of infrastructure for tourism in any place and other relevant considerations, specify by notification in the Official Gazette and such hotel starts functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:

Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001:

Provided further that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act and where the said hotel is approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purpose of this section in relation to the assessment year commencing on the 1st day of April, 1991;

(b) thirty per cent. of the profits and gains derived from the business of such hotel as is located in any place other than those mentioned in sub-clause (a) for a period of ten consecutive years beginning from the initial assessment year if such hotel has started or starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:

Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee, town area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001;

(c) the deduction under clause (a) or clause (b) shall be available only if—

(i) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously used as a hotel or of any machinery or plant previously used for any purpose;

(ii) the business of the hotel is owned and carried on by a company registered in India with a paid-up capital of not less than five hundred thousand rupees;

(iii) the hotel is for the time being approved by the prescribed authority:

Provided that any hotel approved by the prescribed authority before the 1st day of April, 1999 shall be deemed to have been approved under this sub-section.

(8) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent. of the profits and gains of such

business for a period of five assessment years beginning from the initial assessment year if such company—

- (a) is registered in India;
- (b) has the main object of scientific and industrial research and development;
- (c) is for the time being approved by the prescribed authority at any time before the 1st day of April, 1999.

(9) The amount of deduction to an undertaking which begins commercial production or refining of mineral oil shall be hundred per cent. of the profits for a period of seven consecutive assessment years including the initial assessment year:

Provided that where the undertaking is located in North-Eastern Region, it has begun or begins commercial production of mineral oil before the 1st day of April, 1997 and where it is located in any part of India, it begins commercial production of mineral oil on or after the 1st day of April, 1997:

Provided further that where the undertaking is engaged in refining of mineral oil, it begins refining on or after the 1st day of October, 1998.

(10) The amount of profits in case of an undertaking developing and building housing projects approved by a local authority, shall be hundred per cent. of the profits derived in any previous year relevant to any assessment year from such housing project if,—

- (a) such undertaking has commenced or commences development and construction of the housing project on or after the 1st day of October, 1998 and completes the same before the 31st day of March, 2001;
- (b) the project is on the size of a plot of land which has a minimum area of one acre; and
- (c) the residential unit has a maximum built-up area of one thousand square feet where such residential unit is situated within the cities of Delhi or Mumbai or within twenty-five kilometres from the municipal limits of these cities and one thousand and five hundred square feet at any other place.

(11) Notwithstanding anything contained in clause (iii) of sub-section (2) and sub-sections (3), (4) and (5), the amount of deduction in a case of industrial undertaking deriving profit from the business of setting up and operating a cold chain facility for agricultural produce, shall be hundred per cent. of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains derived from the operation of such facility in a manner that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) and subject to fulfilment of the condition that it begins to operate such facility on or after the 1st day of April, 1999 but before the 31st day of March, 2003.

(12) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—

- (a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and
- (b) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.

(13) The provisions contained in sub-section (5) and sub-sections (7) to (12) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

(14) For the purposes of this section,—

(a) "cold chain facility" means a chain of facilities for storage or transportation of agricultural produce under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce;

(b) "hilly area" means any area located at a height of one thousand metres or more above the sea level;

(c) "initial assessment year"—

(i) in the case of an industrial undertaking or cold storage plant or ship or hotel, means the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the cold chain facility or the ship is first brought into use or the business of the hotel starts functioning;

(ii) in the case of a company carrying on scientific and industrial research and development, means the assessment year relevant to the previous year in which the company is approved by the prescribed authority for the purposes of sub-section (8);

(iii) in the case of an undertaking engaged in the business of commercial production or refining of mineral oil referred to in sub-section (9), means the assessment year relevant to the previous year in which the undertaking commences the commercial production or refining of mineral oil;

(d) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(e) "place of pilgrimage" means a place where any temple, mosque, gurdwara, church or other place of public worship of renown throughout any State or States is situated;

(f) "rural area" means any area other than—

(i) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or

(ii) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or cantonment board referred to in sub-clause (i), as the Central Government may, having regard to the stage of development of such area including the extent of, and scope for, urbanisation of such area and other relevant considerations specify in this behalf by notification in the Official Gazette;

(g) "small-scale industrial undertaking" means an industrial undertaking which is, as on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951.'.

65 of 1951.

Amendment  
of section  
80JJA.

51. In section 80JJA of the Income-tax Act, with effect from the 1st day of April, 2000,—

(a) for the words "producing bio-gas", the words "or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas or" shall be substituted;

(b) for the words "a deduction from such profits and gains of an amount equal to the whole of such income, or five lakh rupees, whichever is less", the words "a deduction of an amount equal to the whole of such profits and gains for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which such business commences" shall be substituted.

**52.** In section 80L of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2000,—

Amendment of section 80L.

(a) clauses (v) and (va) shall be omitted;

(b) in clause (x), the proviso shall be omitted;

(c) in the proviso, the words, brackets, figures and letter ", clause (v) or clause (va)" shall be omitted.

**53.** In section 80-O of the Income-tax Act, with effect from the 1st day of June, 1999,—

Amendment of section 80-O.

(a) in the proviso, for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(b) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.";

(c) in the *Explanation*, after clause (iii), the following clause shall be inserted, namely:—

'(iv) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

**54.** In section 80R of the Income-tax Act, with effect from the 1st day of June, 1999,—

Amendment of section 80R.

(a) for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(b) the following *Explanation* shall be inserted at the end, namely:—

*Explanation.*—For the purposes of this section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

**55.** In section 80RR of the Income-tax Act, with effect from the 1st day of June, 1999,—

Amendment of section 80RR.

(a) for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(b) at the end, the following *Explanation* shall be inserted, namely:—

*Explanation.*—For the purposes of this section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

Amendment  
of section  
80RRA.

**56.** In section 80RRA of the Income-tax Act, with effect from the 1st day of June, 1999,—

(a) in sub-section (1), for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(b) after sub-section (2), in the *Explanation*, after clause (c), the following clause shall be inserted, namely:—

'(d) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'

Amendment  
of section 112.

**57.** In section 112 of the Income-tax Act, in sub-section (1), the following shall be inserted at the end with effect from the 1st day of April, 2000, namely:—

'Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.'

*Explanation.*—For the purposes of this sub-section, "listed securities" means the securities—

(a) as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956; and

(b) listed in any recognised stock exchange in India.'

32 of 1956.

Amendment of  
section 115AC.

**58.** In section 115AC of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:—

"(5) Where the assessee acquired shares or bonds in an amalgamated or resulting company by virtue of his holding shares or bonds in the amalgamating or demerged company, as the case may be, in accordance with the provisions of sub-section (1), the provisions of the said sub-section shall apply to such shares or bonds."

**59.** After section 115AC of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:—

**115ACA.** (1) Where the total income of an assessee, being an individual, who is a resident and an employee of an Indian company engaged in information technology software and information technology services (hereafter in this section referred to as the resident employee), includes—

(a) income by way of dividends, other than dividends referred to in section 115-O, on Global Depository Receipts of an Indian company engaged in information technology software and information technology services, issued in accordance with such employees' stock option scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf and purchased by him in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of Global Depository Receipts referred to in clause (a),

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income by way of dividends, other than dividends referred to in section 115-O, in respect of Global Depository Receipts referred to in clause (a), if any, included in the total income, at the rate of ten per cent.;

Insertion of  
new section  
115ACA.

Tax on income  
from Global  
Depository  
Receipts  
purchased in  
foreign  
currency or  
capital gains  
arising from  
their transfer.

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the resident employee would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

(2) Where the gross total income of the resident employee—

(a) consists only of income by way of dividends, other than dividends referred to in section 115-O, in respect of Global Depository Receipts referred to in clause (a) of sub-section (1), no deduction shall be allowed to him under any other provision of this Act;

(b) includes any income referred to in clause (a) or clause (b) of sub-section (1), the gross total income shall be reduced by the amount of such income and the deduction under any provision of this Act shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

(3) Nothing contained in the first and second provisos to section 48 shall apply for the computation of long-term capital gains arising out of the transfer of long-term capital asset, being Global Depository Receipts referred to in clause (b) of sub-section (1).

*Explanation.*—For the purposes of this section,—

(a) "Global Depository Receipts" means any instrument in the form of a depository receipt or certificate (by whatever name called) created by the Overseas Depository Bank outside India and issued to non-resident investors against the issue of ordinary shares or Foreign Currency Convertible Bonds of issuing company;

(b) "information technology service" means any service which results from the use of any information technology software over a system of information technology products for realising value addition;

(c) "information technology software" means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form and capable of being manipulated or providing inter-activity to a user, by means of an automatic data processing machine falling under heading information technology products but does not include non-information technology products;

(d) "Overseas Depository Bank" means a bank authorised by the issuing company to issue Global Depository Receipts against issue of Foreign Currency Convertible Bonds or ordinary shares of the issuing company'.

**60.** In section 115AD of the Income-tax Act, in sub-section (1), in clause (a), after the word "income", the words, figures and letter "other than income by way of dividends referred to in section 115-O" shall be inserted.

Amendment of  
section 115AD.

**61.** After Chapter XII-D of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of June, 1999, namely:—

Insertion of  
new Chapter  
XII-E.

## 'CHAPTER XII-E

### SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME

**115R. (1)** Notwithstanding anything contained in any other provisions of this Act and section 32 of the Unit Trust of India Act, 1963, any amount of income distributed by the Unit Trust of India to its unit holders shall be chargeable to tax and the Unit Trust of India shall be liable to pay additional income-tax on such distributed income at the rate of ten per cent.:

Tax on  
distributed  
income to unit  
holders.

Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999.

(2) Notwithstanding anything contained in any other provisions of this Act, any amount of income distributed by a Mutual Fund to its unit holders shall be chargeable to tax and such Mutual Fund shall be liable to pay additional income-tax at the rate of ten per cent.:

Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999.

(3) The person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, shall be liable to pay tax to the credit of the Central Government within fourteen days from the date of distribution or payment of such income, whichever is earlier.

(4) No deduction under any other provision of this Act shall be allowed to the Unit Trust of India or to a Mutual Fund in respect of the income which has been charged to tax under sub-section (1) or sub-section (2).

Interest payable for non-payment of tax.

115S. Where the person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, fails to pay the whole or any part of the tax referred to in sub-section (1) or sub-section (2) of section 115R, within the time allowed under sub-section (3) of that section, he or it shall be liable to pay simple interest at the rate of two per cent. every month or part thereof on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

Unit Trust of India or Mutual Fund to be assessee in default.

115T. If any person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, does not pay tax, as is referred to in sub-section (1) or sub-section (2) of section 115R, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

*Explanation.—For the purposes of this Chapter,—*

(a) "Mutual Fund" means a Mutual Fund specified under clause (23D) of section 10;

(b) "open-ended equity oriented fund" means—

(i) the Unit Scheme, 1964 made by the Unit Trust of India; and

(ii) such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per cent. of the total proceeds of such fund:

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;

(c) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963.'

**62. In section 139 of the Income-tax Act, with effect from the 1st day of June, 1999,—**

Amendment  
of section 139.

(a) in sub-section (1), in the first proviso, in clause (ii), for the words "motor vehicle", the words "motor vehicle other than a two-wheeled motor vehicle, whether having any detachable side car having extra wheel attached to such two-wheeled motor vehicle or not" shall be substituted;

(b) in sub-section (6), for the words "and value and belonging to him", the words "value and belonging to him, his bank account and credit card held by him" shall be substituted.

**63. In section 140A of the Income-tax Act, with effect from the 1st day of June, 1999,—**

Amendment  
of section 140A.

(a) in sub-section (1), for the words and figures "or, as the case may be, section 148", the words, figures and letters "or section 148 or, as the case may be, section 158BC" shall be substituted;

(b) in sub-section (2),—

(i) after the word and figures "section 144", the words, figures and letters "or an assessment under section 158BC" shall be inserted;

(ii) after the words "regular assessment", the words "or assessment, as the case may be" shall be inserted.

**64. In section 143 of the Income-tax Act, with effect from the 1st day of June, 1999,—**

Amendment  
of section 143.

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Where a return has been made under section 139, or in response to a notice under sub-section (1) of section 142,—

(i) if any tax or interest is found due on the basis of such return, after adjustment of any tax deducted at source, any advance tax paid, any tax paid on self-assessment and any amount paid otherwise by way of tax or interest, then, without prejudice to the provisions of sub-section (2), an intimation shall be sent to the assessee specifying the sum so payable, and such intimation shall be deemed to be a notice of demand issued under section 156 and all the provisions of this Act shall apply accordingly; and

(ii) if any refund is due on the basis of such return, it shall be granted to the assessee and an intimation to this effect shall be sent to the assessee:

Provided that except as otherwise provided in this sub-section, the acknowledgment of the return shall be deemed to be an intimation under this sub-section where either no sum is payable by the assessee or no refund is due to him:

Provided further that no intimation under this sub-section shall be sent after the expiry of two years from the end of the assessment year in which the income was first assessable.";

(b) sub-section (1A) shall be omitted;

(c) sub-section (1B) shall be omitted;

(d) sub-section (5) shall be omitted;

(e) the *Explanation* occurring at the end shall be omitted.

**65. In section 154 of the Income-tax Act, in sub-section (1), for clause (b), the following clause shall be substituted with effect from the 1st day of June, 1999, namely:—**

Amendment  
of section 154.

"(b) amend any intimation or deemed intimation under sub-section (1) of section 143.".

**Amendment of section 155.**

**66.** In section 155 of the Income-tax Act, after sub-section (12), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:—

“(13) Where in the assessment for any year, the deduction under section 80HKB or section 80HHC or section 80HHD or section 80HHE or section 80-O or section 80R or section 80RR or section 80RRA has not been allowed on the ground that such income has not been received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee with the approval of the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange and subsequently such income or part thereof has been or is received in, or brought into, India in the manner aforesaid, the Assessing Officer shall amend the order of assessment so as to allow deduction under section 80HKB or section 80HHC or section 80HHD or section 80HHE or section 80-O or section 80R or section 80RR or section 80RRA, as the case may be, in respect of such income or part thereof as is so received in, or brought into, India; and the provisions of section 154 shall, so far as may be, apply thereto, and the period of four years shall be reckoned from the end of the previous year in which such income is so received in, or brought into, India.”.

**Amendment of section 180.**

**67.** In section 180 of the Income-tax Act, before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:—

‘Provided that nothing contained in this section shall apply in relation to the previous year relevant to the assessment year commencing on or after the 1st day of April, 2000.”.

**Amendment of section 180A.**

**68.** In section 180A of the Income-tax Act, for the words “during the previous year”, the words, figures and letters “during the previous year relevant to the assessment year commencing on the 1st day of April, 2000 or earlier assessment years” shall be substituted with effect from the 1st day of April, 2000.

**Amendment of section 194A.**

**69.** In section 194A of the Income-tax Act, in sub-section (3), with effect from the 1st day of April, 2000,—

(a) in clause (i), in the proviso, in clause (c), the words, brackets and figures “and which is for the time being approved by the Central Government for the purpose of clause (viii) of sub-section (1) of section 36” shall be omitted;

(b) clause (ii) shall be omitted.

**Amendment of section 194B.**

**70.** In section 194B of the Income-tax Act, with effect from the 1st day of April, 2000,—

(a) the first proviso shall be omitted;

(b) in the second proviso, for the words “Provided further that”, the words “Provided that” shall be substituted.

**Amendment of section 194BB.**

**71.** In section 194BB of the Income-tax Act, the proviso shall be omitted with effect from the 1st day of April, 2000.

**Omission of section 194H.**

**72.** Section 194H of the Income-tax Act shall be omitted with effect from the 1st day of April, 2000.

**Amendment of section 194K.**

**73.** In section 194K of the Income-tax Act, in sub-section (1), the following proviso shall be inserted with effect from the 1st day of June, 1999, namely:—

“Provided that no deduction shall be made under this sub-section from any such income credited or paid on or after the 1st day of June, 1999.”.

**74.** After section 194K of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 1999, namely:—

**“194L. Any person responsible for paying to a resident any sum being in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any capital asset shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent. of such sum as income-tax on income comprised therein:**

Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed one hundred thousand rupees.”.

**75.** In section 196A of the Income-tax Act, in sub-section (1), the following proviso shall be inserted with effect from the 1st day of June, 1999, namely:—

“Provided that no deduction shall be made under this sub-section from any such income credited or paid on or after the 1st day of June, 1999.”.

**76.** In section 197 of the Income-tax Act, in sub-section (1), after the figures and letter “194K”, the figures and letter “, 194L” shall be inserted with effect from the 1st day of June, 1999.

Amendment of section 196A.

Amendment of section 197.

**77.** In section 197A of the Income-tax Act, with effect from the 1st day of June, 1999,—

Amendment of section 197A.

(a) in sub-section (1), the words and figures “section 193 or”, at both the places where they occur, shall be omitted;

(b) in sub-section (1A),—

(i) for the word, figures and letter “section 194A”, at both the places where they occur, the words, figures and letter “section 193 or section 194A” shall be substituted;

(ii) for the words “either of”, the words “any of” shall be substituted.

**78.** In sections 198, 199, 200, 202, 203, 203A, 204 and 205 of the Income-tax Act, after the word, figures and letter “section 194K.”, the word, figures and letter “section 194L.” shall be inserted with effect from the 1st day of June, 1999.

Amendment of sections 198 to 200, 202 to 203A, 204 and 205.

Amendment of section 201.

**79.** In section 201 of the Income-tax Act, in sub-section (1A), for the word “fifteen”, the word “eighteen” shall be substituted with effect from the 1st day of June, 1999.

**80.** In section 206C of the Income-tax Act, with effect from the 1st day of June, 1999,—

Amendment of section 206C.

(a) after sub-section (5A), the following sub-sections shall be inserted, namely:—

**“(5B) Notwithstanding anything contained in any other law for the time being in force, a return filed on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media as may be specified by the Board (hereinafter referred to as the computer media) shall be deemed to be a return for the purposes of sub-section (5A) and the rules made thereunder and shall be admissible in any proceedings thereunder, without further proof of production of the original, as evidence of any contents of the original or of any fact stated therein.**

**(5C) A return filed under sub-section (5B) shall fulfil the following conditions, namely:—**

**(a) while receiving returns on computer media, necessary checks by scanning the documents filed on computer media will be carried out and the media will be duly authenticated by the Assessing Officer; and**

Insertion of new section 194L.

Payment of compensation on acquisition of capital asset.

(b) the Assessing Officer shall also take due care to preserve the computer media by duplicating, transferring, mastering or storage without loss of data.”;

(b) after sub-section (8) and before the *Explanation*, the following sub-sections shall be inserted, namely:—

“(9) Where the Assessing Officer is satisfied that the total income of the buyer justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1), the Assessing Officer shall, on an application made by the buyer in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1).

(10) Where a certificate under sub-section (9) is given, the person responsible for collecting the tax shall, until such certificate is cancelled by the Assessing Officer, collect the tax at the rates specified in such certificate.

(11) The Board may, having regard to the convenience of assessees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (9) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.”.

Amendment of section 234A.

81. In section 234A of the Income-tax Act, in sub-sections (1) and (3), for the words “two per cent.”, the words “one and one-half per cent.” shall be substituted with effect from the 1st day of June, 1999.

Amendment of section 234B.

82. In section 234B of the Income-tax Act, in sub-sections (1) and (3), for the words “two per cent.”, the words “one and one-half per cent.” shall be substituted with effect from the 1st day of June, 1999.

Amendment of section 249.

83. In section 249 of the Income-tax Act, in sub-section (1), after clause (iii), the following clause shall be inserted with effect from the 1st day of June, 1999, namely:—

“(iv) where the subject-matter of an appeal is not covered under clauses (i), (ii) and (iii), two hundred fifty rupees.”.

Amendment of section 250.

84. In section 250 of the Income-tax Act, after sub-section (6), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:—

“(6A) In every appeal, the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under sub-section (1) of section 246A.”.

Amendment of section 253.

85. In section 253 of the Income-tax Act, with effect from the 1st day of June, 1999,—

(a) in sub-section (1), in clause (c), for the words and figures “an order passed by a Commissioner under section 263”, the words, figures and letters “an order passed by a Commissioner under section 12AA or under section 263” shall be substituted;

(b) in sub-section (6), after clause (c), the following clause shall be inserted, namely:—

“(d) where the subject-matter of an appeal relates to any matter, other than those specified in clauses (a), (b) and (c), five hundred rupees.”.

Amendment of section 254.

86. In section 254 of the Income-tax Act, with effect from the 1st day of June, 1999,—

(a) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(2A) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub-section (1) of section 253.

(2B) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.”;

(b) in sub-section (4), for the word and figures “section 256”, the words, figures and letter “section 256 or section 260A” shall be substituted.

**87. In section 260A of the Income-tax Act, with effect from the 1st day of June, 1999,—**

(a) in sub-section (2),—

(i) for the opening portion “An appeal under this sub-section shall be—”, the words “The Chief Commissioner or the Commissioner or an assessee aggrieved by any order passed by the Appellate Tribunal may file an appeal to the High Court and such appeal under this sub-section shall be—” shall be substituted;

(ii) in clause (a), for the words “communicated to the appellant”, the words “received by the assessee or the Chief Commissioner or Commissioner” shall be substituted;

(iii) clause (b) shall be omitted;

(b) after sub-section (6), the following sub-section shall be inserted, namely:—

“(7) Save as otherwise provided in this Act, the provisions of the Code of Civil Procedure, 1908, relating to appeals to the High Court shall, as far as may be, apply in the case of appeals under this section.”.

5 of 1908.

**88. In section 272A of the Income-tax Act, in sub-section (2), for the words “which shall not be less than one hundred rupees, but which may extend to two hundred rupees”, the words “of one hundred rupees” shall be substituted with effect from the 1st day of June, 1999.**

**89. The Tenth Schedule of the Income-tax Act shall be omitted with effect from the 1st day of April, 2000.**

**90. The following amendments (being consequential in nature) shall be made in the Income-tax Act with effect from the 1st day of April, 2000, namely:—**

(a) in section 10A, in sub-section (4), in clause (iii), after the word, figures and letters “section 80-IA”, the words, figures and letters “or section 80-IB” shall be inserted;

(b) in section 10B, in sub-section (4), in clause (iii), after the word, figures and letters “section 80-IA”, the words, figures and letters “or section 80-IB” shall be inserted;

(c) in section 80A, in sub-section (3), after the word, figures and letters “section 80-IA”, the words, figures and letters “or section 80-IB” shall be inserted;

(d) in section 88, in sub-section (2), in clause (xvi), in the *Explanation*, in clause (ii), for the words, brackets, letters and figures “clause (ca) of sub-section (12) of section 80-IA”, the words, brackets, figures and letters “the *Explanation* to sub-section (4) of section 80-IA” shall be substituted;

(e) in section 115JA,—

(i) in sub-section (2), in the *Explanation*,—

(A) in clause (v),—

(I) for the words, brackets, letters and figures “sub-clause (b) or sub-clause (c) of clause (iv) of sub-section (2) of section 80-IA”, the words, brackets, figures and letters “sub-section (4) and sub-section (5) of section 80-IB” shall be substituted;

Amendment  
of section 260A.

Amendment  
of section 272A.

Omission of  
Tenth Schedule.

Consequential  
amendments.

(II) for the words, brackets, figures and letters "profits and gains under sub-section (5) of section 80-IA", the words, brackets, figures and letters "profits and gains under sub-section (4) or sub-section (5) of section 80-IB" shall be substituted;

(B) in clause (vi), for the words, brackets, figures and letters "under sub-section (12) of section 80-IA and subject to fulfilling the conditions laid down in sub-section (4A) of section 80-IA", the words, brackets, figures and letters "as defined in the *Explanation* to sub-section (4) of section 80-IA and subject to fulfilling the conditions laid down in that sub-section" shall be substituted.

*Wealth-tax*

Amendment  
of section 2.

**91.** In section 2 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in clause (ea), the *Explanation* shall be numbered as *Explanation* 1 thereof and after *Explanation* 1 as so numbered, the following *Explanation* shall be inserted with effect from the 1st day of April, 2000, namely:—

27 of 1957.

'*Explanation* 2.—For the removal of doubts, it is hereby declared that "jewellery" does not include the Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.'

Amendment  
of section 16.

**92.** In section 16 of the Wealth-tax Act, with effect from the 1st day of June, 1999,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Where a return has been made under section 14 or section 15 or in response to a notice under clause (i) of sub-section (4),—

(i) if any tax or interest is found due on the basis of such return, after adjustment of any amount paid by way of tax or interest, then, without prejudice to the provisions of sub-section (2), an intimation shall be sent to the assessee specifying the sum so payable, and such intimation shall be deemed to be a notice of demand issued under section 30 and all the provisions of this Act shall apply accordingly; and

(ii) if any refund is due on the basis of such return, it shall be granted to the assessee and an intimation to this effect shall be sent to the assessee:

Provided that except as otherwise provided in this sub-section, the acknowledgment of the return shall be deemed to be an intimation under this sub-section where either no sum is payable by the assessee or no refund is due to him:

Provided further that no intimation under this sub-section shall be sent after the expiry of two years from the end of the assessment year in which the net wealth was first assessable.";

(b) sub-section (1A) shall be omitted;

(c) sub-section (1B) shall be omitted;

(d) sub-section (7) shall be omitted;

(e) the *Explanation* occurring at the end shall be omitted.

Amendment  
of section 23A.

**93.** In section 23A of the Wealth-tax Act, after sub-section (8), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:—

"(8A) In every appeal, the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (1).".

**94. In section 24 of the Wealth-tax Act, with effect from the 1st day of June, 1999,—**

Amendment  
of section 24.

(a) in sub-section (4), the following proviso shall be inserted at the end, namely:—

“Provided that in the case of an appeal not relatable to net wealth as computed by the Assessing Officer, the appeal shall be accompanied by a fee of five hundred rupees.”;

(b) after sub-section (5), the following sub-sections shall be inserted, namely:—

“(5A) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub-section (1).

(5B) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.”;

(c) in sub-section (10), after the word and figures “section 27”, the words, figures and letter “or section 27A” shall be inserted.

**95. In section 27 of the Wealth-tax Act, in sub-section (1), after the words “notice of an order”, the words, figures and letters “passed before the 1st day of June, 1999” shall be inserted with effect from the 1st day of June, 1999.**

Amendment  
of section 27.

**96. In section 27A of the Wealth-tax Act, with effect from the 1st day of June, 1999,—**

Amendment  
of section 27A.

(a) in sub-section (3), the words “, and, where the appeal is made by the assessee, shall be accompanied by a fee of five thousand rupees” shall be omitted;

(b) after sub-section (7), the following sub-section shall be inserted, namely:—

5 of 1908.

“(8) The provisions of the Code of Civil Procedure, 1908 relating to appeals to High Court shall, so far as may be, apply in the case of appeals under this section.”.

**97. In section 35 of the Wealth-tax Act, in sub-section (1), for clause (aa), the following clause shall be substituted with effect from the 1st day of June, 1999, namely:—**

Amendment  
of section 35.

“(aa) a wealth-tax authority may amend any intimation or deemed intimation under sub-section (1) of section 16.”.

#### *Expenditure-tax*

35 of 1987.

**98. In the Expenditure-tax Act, 1987 (hereinafter referred to as the Expenditure-tax Act), in section 4, in clause (a), with effect from the 1st day of April, 2000,—**

Amendment  
of section 4.

(a) in the first proviso, for the words, brackets, figures and letters “clause (ii) of sub-section (5) of section 80-IA”, the words, brackets, letters and figures “clause (a) of sub-section (7) of section 80-IB” shall be substituted;

(b) in the second proviso, for the words, letters, brackets and figures “clause (iia) of sub-section (5) of section 80-IA”, the words, brackets, figures and letters “clause (a) of sub-section (7) of section 80-IB” shall be substituted.

**99. In section 22 of the Expenditure-tax Act, after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:—**

Amendment  
of section 22.

“(4A) In every appeal, the Commissioner (Appeals), where it is possible, may hear and determine such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (1).”.

## CHAPTER IV

## INDIRECT TAXES

*Customs*

Substitution of new authorities.

**100.** In the Customs Act, 1962 (hereinafter referred to as the Customs Act), save as otherwise expressly provided, and unless the context otherwise requires, the reference to any authority specified in column 1 of the Table below shall be substituted by reference to the authority or authorities specified in the corresponding entry in column 2 of the said Table and such consequential changes as the rules of grammar may require shall also be made:

52 of 1962.

## TABLE

1	2
1. Assistant Commissioner of Customs	Assistant Commissioner of Customs or Deputy Commissioner of Customs
2. Deputy Commissioner of Customs	Joint Commissioner of Customs

Amendment of section 3.

**101.** In section 3 of the Customs Act, after clause (c), the following clause shall be inserted, namely:—

“(cc) Joint Commissioners of Customs;”.

Amendment of section 25.

**102.** In section 25 of the Customs Act, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by special order in each case, exempt from payment of duty, for reasons to be stated in such order, any goods, of strategic or secret nature, or for charitable purpose, on which duty is leviable.”.

Insertion of new Chapter VB.

**103.** After Chapter VA of the Customs Act, the following Chapter shall be inserted, namely:—

## ‘CHAPTER VB

## ADVANCE RULINGS

Definitions.

**28E.** In this Chapter, unless the context otherwise requires,—

(a) “activity” means import or export;

(b) “advance ruling” means the determination, by the Authority, of a question of law or fact specified in the application regarding the liability to pay duty in relation to an activity which is proposed to be undertaken, by the applicant;

(c) “applicant” means a non-resident setting up a joint venture in India in collaboration with a non-resident or resident, or a resident setting up a joint venture in India in collaboration with a non-resident, making application;

(d) “application” means an application made to the Authority under sub-section (1) of section 28H;

(e) “Authority” means the Authority for Advance Rulings constituted under section 28F;

(f) “Chairperson” means the Chairperson of the Authority;

(g) “Member” means a Member of the Authority and includes the Chairperson; and

43 of 1961. (h) "non-resident" shall have the meaning assigned to it in clause (30) of section 2 of the Income-tax Act, 1961.

28F. (1) The Central Government shall, by notification in the Official Gazette, constitute an Authority for giving advance rulings, to be called as "the Authority for Advance Rulings".

Authority for Advance Rulings.

(2) The Authority shall consist of the following Members appointed by the Central Government, namely:—

(a) a Chairperson, who is a retired Judge of the Supreme Court;

(b) an officer of the Indian Customs and Central Excise Service who is qualified to be a Member of the Board;

(c) an officer of the Indian Legal Service who is, or is qualified to be, an Additional Secretary to the Government of India.

(3) The salaries and allowances payable to, and the terms and conditions of service of, the Members shall be such as the Central Government may by rules determine.

(4) The Central Government shall provide the Authority with such officers and staff as may be necessary for the efficient exercise of the powers of the Authority under this Act.

(5) The office of the Authority shall be located in Delhi.

28G. No proceeding before, or pronouncement of advance ruling by, the Authority under this Chapter shall be questioned or shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the Authority.

Vacancies, etc., not to invalidate proceedings.

28H. (1) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and in such manner as may be prescribed, stating the question on which the advance ruling is sought.

Application for advance ruling.

(2) The question on which the advance ruling is sought shall be in respect of,—

51 of 1975.

(a) classification of goods under the Customs Tariff Act, 1975;

(b) applicability of a notification issued under sub-section (1) of section 25, having a bearing on the rate of duty;

(c) the principles to be adopted for the purposes of determination of value of the goods under the provisions of this Act.

(3) The application shall be made in quadruplicate and be accompanied by a fee of two thousand five hundred rupees.

(4) An applicant may withdraw his application within thirty days from the date of the application.

28-I. (1) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the Commissioner of Customs and, if necessary, call upon him to furnish the relevant records:

Procedure of receipt of application.

Provided that where any records have been called for by the Authority in any case, such records shall, as soon as possible, be returned to the Commissioner of Customs.

(2) The Authority may, after examining the application and the records called for, by order, either allow or reject the application:

Provided that the Authority shall not allow the application except in the case of a resident applicant where the question raised in the application is—

(a) already pending in the applicant's case before any officer of customs, the Appellate Tribunal or any Court;

(b) the same as in a matter already decided by the Appellate Tribunal or any Court:

Provided further that no application shall be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

Provided also that where the application is rejected, reasons for such rejection shall be given in the order.

(3) A copy of every order made under sub-section (2) shall be sent to the applicant and to the Commissioner of Customs.

(4) Where an application is allowed under sub-section (2), the Authority shall, after examining such further material as may be placed before it by the applicant or obtained by the Authority, pronounce its advance ruling on the question specified in the application.

(5) On a request received from the applicant, the Authority shall, before pronouncing its advance ruling, provide an opportunity to the applicant of being heard, either in person or through a duly authorised representative.

*Explanation.*—For the purposes of this sub-section, "authorised representative" shall have the meaning assigned to it in sub-section (2) of section 146A.

(6) The Authority shall pronounce its advance ruling in writing within ninety days of the receipt of application.

(7) A copy of the advance ruling pronounced by the Authority, duly signed by the Members and certified in the prescribed manner shall be sent to the applicant and to the Commissioner of Customs, as soon as may be, after such pronouncement.

**Applicability of advance ruling.**

28J. (1) The advance ruling pronounced by the Authority under section 28-I shall be binding only—

(a) on the applicant who had sought it;

(b) in respect of any matter referred to in sub-section (2) of section 28H;

(c) on the Commissioner of Customs, and the customs authorities subordinate to him, in respect of the applicant.

(2) The advance ruling referred to in sub-section (1) shall be binding as aforesaid unless there is a change in law or facts on the basis of which the advance ruling has been pronounced.

**Advance ruling to be void in certain circumstances.**

28K. (1) Where the Authority finds, on a representation made to it by the Commissioner of Customs or otherwise, that an advance ruling pronounced by it under sub-section (6) of section 28-I has been obtained by the applicant by fraud or misrepresentation of facts, it may, by order, declare such ruling to be void *ab initio* and thereupon all the provisions of this Act shall apply (after excluding the period beginning with the date of such advance ruling and ending with the date of order under this sub-section) to the applicant as if such advance ruling had never been made.

(2) A copy of the order made under sub-section (1) shall be sent to the applicant and the Commissioner of Customs.

**Powers of Authority.**

28L. (1) The Authority shall, for the purpose of exercising its powers regarding discovery and inspection, enforcing the attendance of any person and examining him on oath, issuing commissions and compelling production of books of account and other records, have all the powers of a civil court under the Code of Civil Procedure, 1908.

2 of 1974.

45 of 1860.

(2) The Authority shall be deemed to be a civil court for the purposes of section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973, and every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code.

28M. The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure in all matters arising out of the exercise of its powers under this Act.'

Procedure of Authority.

**104.** In section 30 of the Customs Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment of section 30.

"(1) The person-in-charge of a vessel or an aircraft carrying imported goods shall, deliver to the proper officer, an import manifest, and in the case of a vehicle, an import report, within twenty-four hours after arrival thereof at a customs station in the case of a vessel and twelve hours after arrival in the case of an aircraft or a vehicle, in the prescribed form:

Provided that,—

(a) in the case of a vessel or an aircraft, any such manifest may be delivered to the proper officer before the arrival of the vessel or aircraft;

(b) if the proper officer is satisfied that there was sufficient cause for not delivering the import manifest or import report or any part thereof within the time specified in this sub-section, he may accept it at any time thereafter."

**105.** In section 47 of the Customs Act, in sub-section (2), for the words "within seven days", the words "within two days, excluding holidays," shall be substituted.

Amendment of section 47.

**106.** In section 54 of the Customs Act, in sub-section (1), the following proviso shall be inserted, namely:—

Amendment of section 54.

"Provided that where the goods are being transhipped under an international treaty or bilateral agreement between the Government of India and Government of a foreign country, a declaration for transhipment instead of a bill of transhipment shall be presented to the proper officer in the prescribed form."

**107.** In section 61 of the Customs Act, in sub-section (2), for the opening paragraph, the following shall be substituted, namely:—

Amendment of section 61.

"Where any warehoused goods—

(i) specified in sub-clause (a) of sub-section (1), remain in a warehouse beyond the period specified in that sub-section by reason of extension of the aforesaid period or otherwise, interest at such rate as is specified in section 47 shall be payable, on the amount of duty payable at the time of clearance of the goods in accordance with the provisions of section 15 on the warehoused goods, for the period from the expiry of the said warehousing period till the date of payment of duty on the warehoused goods;

(ii) specified in sub-clause (b) of sub-section (1), remain in a warehouse beyond a period of six months, interest shall be payable at such rate or rates not exceeding the rate specified in section 47, as may be fixed by the Board, on the amount of duty payable at the time of clearance of the goods in accordance with the provisions of section 15 on the warehoused goods, for the period from the expiry of the said six months till the date of payment of duty on the warehoused goods."

**108.** In section 111 of the Customs Act, in clause (m), for the words "in respect thereof;", the words, brackets and figures "in respect thereof, or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54;" shall be substituted.

Amendment of section 111.

Amendment of  
section 117.

**109.** In section 117 of the Customs Act, for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.

Amendment of  
section 129DD.

**110.** In section 129DD of the Customs Act,—

(a) in sub-section (1), before the *Explanation*, the following proviso shall be inserted, namely:—

"Provided that the Central Government may in its discretion, refuse to admit an application in respect of an order where the amount of duty or fine or penalty, determined by such order does not exceed five thousand rupees.";

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(IA) The Commissioner of Customs may, if he is of the opinion that an order passed by the Commissioner (Appeals) under section 128A is not legal or proper, direct the proper officer to make an application on his behalf to the Central Government for revision of such order.";

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) An application under sub-section (1) shall be in such form and shall be verified in such manner as may be specified by rules made in this behalf and shall be accompanied by a fee of,—

(a) two hundred rupees, where the amount of duty and interest demanded, fine or penalty levied by an officer of customs in the case to which the application relates is one lakh rupees or less;

(b) one thousand rupees, where the amount of duty and interest demanded, fine or penalty levied by an officer of customs in the case to which the application relates is more than one lakh rupees:

Provided that no such fee shall be payable in the case of an application referred to in sub-section (IA).".

Amendment of  
section 130.

**111.** In section 130 of the Customs Act, in sub-section (1), after the words, figures and letter "an order under section 129B", the words, figures and letters "passed before the 1st day of July, 1999" shall be inserted.

Substitution of  
new section for  
section 130A.

**112.** For section 130A of the Customs Act, the following section shall be substituted, namely:—

Application to  
High Court.

"130A. (1) The Commissioner of Customs or the other party may, within one hundred and eighty days of the date upon which he is served with notice of an order under section 129B passed on or after the 1st day of July, 1999 (not being an order relating, among other things, to the determination of any question having a relation to the rate of duty of customs or to the value of goods for purposes of assessment), by application in the prescribed form, accompanied, where the application is made by the other party, by a fee of two hundred rupees, apply to the High Court to direct the Appellate Tribunal to refer to the High Court any question of law arising from such order of the Tribunal.

(2) The Commissioner of Customs or the other party applying to the High Court under sub-section (1) shall clearly state the question of law which he seeks to be referred to the High Court and shall also specify the paragraph in the order of the Appellate Tribunal relevant to the question sought to be referred.

(3) On receipt of notice that an application has been made under sub-section (1), the person against whom such application has been made, may, notwithstanding that he may not have filed such application, file, within forty-five days of the receipt of the notice, a memorandum of cross-objections verified in the prescribed manner against

any part of the order in relation to which an application for reference has been made and such memorandum shall be disposed of by the High Court as if it were an application presented within the time specified in sub-section (1).

(4) If, on an application made under sub-section (1), the High Court directs the Appellate Tribunal to refer the question of law raised in the application, the Appellate Tribunal shall, within one hundred and twenty days of the receipt of such direction, draw up a statement of the case and refer it to the High Court.”.

**113.** In section 130C of the Customs Act, in sub-section (1), for the words and figures “under section 130”, the words, figures and letter “under section 130 or section 130A” shall be substituted.

Amendment of section 130C.

**114.** In section 130E of the Customs Act, for the words and figures “under section 130”, the words, figures and letter “under section 130 or section 130A” shall be substituted.

Amendment of section 130E.

**115.** In section 157 of the Customs Act, in sub-section (2), in clause (a), for the words “bill of transhipment”, the words “bill of transhipment, declaration for transhipment” shall be substituted.

Amendment of section 157.

**116.** (1) In the case of goods specified in the Second Schedule, being goods imported into India, there shall be levied and collected as an additional duty of customs an amount calculated at the rate set forth in the said Schedule.

Additional duty of customs (high speed diesel oil).

(2) The additional duty of customs referred to in sub-section (1), shall be in addition to any other duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(3) The provisions of the Customs Act, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the additional duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

**117.** The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Third Schedule.

Amendment of Act 51 of 1975.

Surcharge of customs.

**118.** (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as surcharge of customs, an amount, equal to ten per cent. of the duty chargeable on such goods calculated at the rate specified in the said First Schedule, read with any notification for the time being in force, issued by the Central Government in relation to the duty so chargeable.

10 of 1897. (2) Sub-section (1) shall cease to have effect after the 31st day of March, 2000, and upon such cesser, section 6 of the General Clauses Act, 1897 shall apply as if the said sub-section had been repealed by a Central Act.

(3) The surcharge of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds, drawbacks and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of surcharge of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

## Excise

Substitution of  
new  
authorities.

**119.** In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act),—

1 of 1944.

(a) save as otherwise expressly provided, and unless the context otherwise requires, the reference to any authority specified in column 1 of the Table below shall be substituted by reference to the authority or authorities specified in the corresponding entry in column 2 of the said Table and such consequential changes as the rules of grammar may require shall also be made:

TABLE

1	2
1. Assistant Commissioner of Central Excise	Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise
2. Deputy Commissioner of Central Excise	Joint Commissioner of Central Excise

(b) for the words "the Schedule", wherever they occur [other than in sub-clause (ii) of clause (f) of section 2], the words "the First Schedule and the Second Schedule" shall be substituted;

(c) references to the expressions "duty", "duties", "duty of excise" and "duties of excise" shall, save as otherwise expressly provided in this Act and unless the context otherwise requires, be construed to include a reference to the special duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985.

5 of 1986.

Amendment of  
section 2.

**120.** In section 2 of the Central Excise Act,—

(i) in clause (b), after the words "Additional Commissioner of Central Excise", the words "Joint Commissioner of Central Excise," shall be inserted;

(ii) in clause (f), in sub-clause (ii), for the words "the Schedule", the words "the First Schedule" shall be substituted.

Amendment of  
section 3.

**121.** In section 3 of the Central Excise Act, in sub-section (1), for the opening paragraph, the following shall be substituted, namely:—

"There shall be levied and collected in such manner as may be prescribed,—

(a) a duty of excise on all excisable goods which are produced or manufactured in India as, and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985;

5 of 1986.

(b) a special duty of excise, in addition to the duty of excise specified in clause (a) above, on excisable goods specified in the Second Schedule to the Central Excise Tariff Act, 1985 which are produced or manufactured in India, as, and at the rates, set forth in the said Second Schedule.".

5 of 1986.

Amendment of  
section 4A.

**122.** In section 4A of the Central Excise Act, after sub-section (3) and before *Explanation 1*, the following sub-section shall be inserted, namely:—

"(4) If any manufacturer removes from the place of manufacture any excisable goods specified under sub-section (1) without declaring the retail sale price of such goods on the packages, or declares a retail sale price which does not constitute the sole consideration for such sale, or tampers with, obliterates or alters any such declaration made on the packages after removal, such goods shall be liable to confiscation.".

Amendment of  
section 5A.

**123.** In section 5A of the Central Excise Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by special order in each case, exempt from payment of duty, for

reasons to be stated in such order, any excisable goods of strategic or secret nature, or for charitable purpose, on which duty is leviable.”.

**124.** After Chapter III of the Central Excise Act, the following Chapter shall be inserted, namely:—

Insertion of new Chapter IIIA.

### 'CHAPTER IIIA

#### ADVANCE RULINGS

**23A.** In this Chapter, unless the context otherwise requires,—

Definitions.

(a) “activity” means production or manufacture of goods;

(b) “advance ruling” means the determination, by the authority of a question of law or fact specified in the application regarding the liability to pay duty in relation to an activity proposed to be undertaken, by the applicant;

(c) “applicant” means a non-resident setting up a joint venture in India in collaboration with a non-resident or resident, or a resident setting up a joint venture in India in collaboration with a non-resident, making application;

(d) “application” means an application made to the Authority under sub-section (1) of section 23C;

(e) “Authority” means the Authority for Advance Rulings constituted under section 28F of the Customs Act, 1962;

52 of 1962.

43 of 1961.

(f) “non-resident” shall have the meaning assigned to it in clause (30) of section 2 of the Income-tax Act, 1961.

**23B.** No proceeding before, or pronouncement of advance ruling by, the Authority under this Chapter shall be questioned or shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the Authority.

Vacancies, etc.,  
not to invalidate  
proceedings.

**23C.** (1) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and in such manner as may be prescribed, stating the question on which the advance ruling is sought.

Application for  
advance ruling.

(2) The question on which the advance ruling is sought shall be in respect of,—

5 of 1986.

(a) classification of any goods under the Central Excise Tariff Act, 1985;

(b) applicability of a notification issued under sub-section (1) of section 5A having a bearing on the rate of duty;

(c) the principles to be adopted for the purposes of determination of value of the goods under the provisions of this Act.

(3) The application shall be made in quadruplicate and be accompanied by a fee of two thousand five hundred rupees.

(4) An applicant may withdraw an application within thirty days from the date of the application.

**23D.** (1) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the Commissioner of Central Excise and, if necessary, call upon him to furnish the relevant records:

Procedure on  
receipt of  
application.

Provided that where any records have been called for by the Authority in any case, such records shall, as soon as possible, be returned to the Commissioner of Central Excise.

(2) The Authority may, after examining the application and the records called for, by order, either allow or reject the application:

Provided that the Authority shall not allow the application except in the case of a resident applicant where the question raised in the application is,—

(a) already pending in the applicant's case before any Central Excise Officer, the Appellate Tribunal or any Court;

(b) the same as in a matter already decided by the Appellate Tribunal or any Court:

Provided further that no application shall be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

Provided also that where the application is rejected, reasons for such rejection shall be given in the order.

(3) A copy of every order made under sub-section (2) shall be sent to the applicant and to the Commissioner of Central Excise.

(4) Where an application is allowed under sub-section (2), the Authority shall, after examining such further material as may be placed before it by the applicant or obtained by the Authority, pronounce its advance ruling on the question specified in the application.

(5) On a request received from the applicant, the Authority shall, before pronouncing its advance ruling, provide an opportunity to the applicant of being heard, either in person or through a duly authorised representative.

*Explanation.*—For the purposes of this sub-section, "authorised representative" shall have the meaning assigned to it in sub-section (2) of section 35Q.

(6) The Authority shall pronounce its advance ruling in writing within ninety days of the receipt of application.

(7) A copy of the advance ruling pronounced by the Authority, duly signed by the Members and certified in the prescribed manner shall be sent to the applicant and to the Commissioner of Central Excise, as soon as may be, after such pronouncement.

Applicability  
of advance  
ruling.

23E. (1) The advance ruling pronounced by the Authority under section 23D shall be binding only—

(a) on the applicant who had sought it;

(b) in respect of any matter referred to in sub-section (2) of section 23C;

(c) on the Commissioner of Central Excise, and the Central Excise authorities subordinate to him, in respect of the applicant.

(2) The advance ruling referred to in sub-section (1) shall be binding as aforesaid unless there is a change in law or facts on the basis of which the advance ruling has been pronounced.

Advance ruling  
to be void in  
certain  
circumstances.

23F. (1) Where the Authority finds, on a representation made to it by the Commissioner of Central Excise or otherwise, that an advance ruling pronounced by it under sub-section (6) of section 28-I has been obtained by the applicant by fraud or misrepresentation of facts, it may, by order, declare such ruling to be void *ab initio* and thereupon all the provisions of this Act shall apply (after excluding the period beginning with the date of such advance ruling and ending with the date of order under this sub-section) to the applicant as if such advance ruling had never been made.

(2) A copy of the order made under sub-section (1) shall be sent to the applicant and the Commissioner of Central Excise.

Powers of Authority.

5 of 1908.

**23G.** (1) The Authority shall, for the purpose of exercising its powers regarding discovery and inspection, enforcing the attendance of any person and examining him on oath, issuing commissions and compelling production of books of account and other records, have all the powers of a civil court under the Code of Civil Procedure, 1908.

2 of 1974.

(2) The Authority shall be deemed to be a civil court for the purposes of section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973, and every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code.

45 of 1860.

**23H.** The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure in all matters arising out of the exercise of its powers under this Act.'

Procedure of Authority.

**125.** In section 33 of the Central Excise Act, in the opening paragraph, for the words "Where by the rules made under this Act", the words "Where under this Act or by the rules made thereunder" shall be substituted.

Amendment of section 33.

**126.** In section 35EE of the Central Excise Act,—

Amendment of section 35EE.

(a) in sub-section (1), before the *Explanation*, the following proviso shall be inserted, namely:—

"Provided that the Central Government may in its discretion, refuse to admit an application in respect of an order where the amount of duty or fine or penalty, determined by such order does not exceed five thousand rupees.";

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(IA) The Commissioner of Central Excise may, if he is of the opinion that an order passed by the Commissioner (Appeals) under section 35A is not legal or proper, direct the proper officer to make an application on his behalf to the Central Government for revision of such order.";

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) An application under sub-section (1) shall be in such form and shall be verified in such manner as may be specified by rules made in this behalf and shall be accompanied by a fee of,—

(a) two hundred rupees, where the amount of duty and interest demanded, fine or penalty levied by any Central Excise Officer in the case to which the application relates is one lakh rupees or less;

(b) one thousand rupees, where the amount of duty and interest demanded, fine or penalty levied by any Central Excise Officer in the case to which the application relates is more than one lakh rupees;

Provided that no such fee shall be payable in the case of an application referred to in sub-section (IA).".

**127.** In section 35G of the Central Excise Act, in sub-section (1), after the words, figures and letter "an order under section 35C", the words, figures and letters "passed before the 1st day of July, 1999" shall be inserted.

Amendment of section 35G.

**128.** For section 35H of the Central Excise Act, the following section shall be substituted, namely:—

Substitution of new section for section 35H.

"35H. (1) The Commissioner of Central Excise or the other party may, within one hundred and eighty days of the date upon which he is served with notice of an order under section 35C passed on or after the 1st day of July, 1999 (not being an order

Application to High Court.

relating, among other things, to the determination of any question having a relation to the rate of duty of excise or to the value of goods for purposes of assessment), by application in the prescribed form, accompanied, where the application is made by the other party, by a fee of two hundred rupees, apply to the High Court to direct the Appellate Tribunal to refer to the High Court any question of law arising from such order of the Tribunal.

(2) The Commissioner of Central Excise or the other party applying to the High Court under sub-section (1) shall clearly state the question of law which he seeks to be referred to the High Court and shall also specify the paragraph in the order of the Appellate Tribunal relevant to the question sought to be referred.

(3) On receipt of notice that an application has been made under sub-section (1), the person against whom such application has been made, may, notwithstanding that he may not have filed such application, file, within forty-five days of the receipt of the notice, a memorandum of cross-objections verified in the prescribed manner against any part of the order in relation to which an application for reference has been made and such memorandum shall be disposed of by the High Court as if it were an application presented within the time specified in sub-section (1).

(4) If, on an application made under sub-section (1), the High Court directs the Appellate Tribunal to refer the question of law raised in the application, the Appellate Tribunal shall, within one hundred and twenty days of the receipt of such direction, draw up a statement of the case and refer it to the High Court.”.

**Amendment  
of section 35J.**

**129.** In section 35J of the Central Excise Act, in sub-section (1), for the words, figures and letter “under section 35G;”, the words, figures and letters “under section 35G or section 35H,” shall be substituted.

**Amendment  
of section 35L.**

**130.** In section 35L of the Central Excise Act, for the words, figures and letter “under section 35G”, the words, figures and letters “under section 35G or section 35H” shall be substituted.

**Amendment  
of section 37.**

**131.** In section 37 of the Central Excise Act, in sub-section (2),—

(a) after clause (ib), the following clause shall be inserted, namely:—

“(ib) provide for charging or payment of interest on the differential amount of duty which becomes payable or refundable upon finalisation of all or any class of provisional assessments;”;

(b) after sub-clause (xxvii), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 16th day of March, 1995, namely:—

“(xxviii) provide for the lapsing of credit of duty lying unutilised with the manufacturer of specified excisable goods on an appointed date and also for not allowing such credit to be utilised for payment of any kind of duty on any excisable goods on and from such date.”.

**Validation of  
certain rules.**

**132.** (1) In the Central Excise Rules, 1944, made by the Central Government in exercise of the powers conferred under section 37 of the Central Excise Act, in rule 57F,—

(a) sub-rule (4A), as inserted by the Central Excise (Fourth Amendment) Rules, 1995, shall be deemed to have and to have always had effect from the 16th day of March, 1995;

(b) sub-rule (17), as inserted by the Central Excise (Amendment) Rules, 1997, shall be deemed to have and to have always had effect from the 1st day of March, 1997;

(c) clauses (c) and (d) of sub-rule (17), as inserted by the Central Excise (Seventh Amendment) Rules, 1997, shall be deemed to have and to have always had effect from the 1st day of August, 1997;

(d) clause (e) of sub-rule (17), as inserted by the Central Excise (Eleventh Amendment) Rules, 1997, shall be deemed to have and to have always had effect from the 1st day of October, 1997.

(2) Any action taken or anything done or purported to have been taken or done at any time during the period commencing from the 16th day of March, 1995 and ending with the day the Finance Act, 1999 receives the assent of the President (hereinafter referred to as the said period) under the Central Excise Act or any rules made thereunder in relation to the lapsing of credit of duty lying unutilised with the manufacturer of specified excisable goods and also for not allowing such credit to be utilised for payment of any kind of duty on any excisable goods shall be deemed to be, and to always have been, for all purposes, as validly and effectively taken or done as if the amendments made by sub-section (1) had been in force at all material times and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority,—

(a) the lapsing of credit of duty lying unutilised with the manufacturer of specified excisable goods and also for not allowing such credit to be utilised for payment of any kind of duty on any excisable goods, during the said period shall be deemed to always have been, as validly lapsed, as if the amendments made by sub-section (1) had been in force at all material times;

(b) no suit or other proceedings shall be maintained or continued in any court for allowing the credit of, and no enforcement shall be made by any court of any decree or order allowing the credit of duty which has been lapsed and not allowed to be utilised and which would have been validly lapsed and not allowed to be utilised if the amendments made by sub-section (1) had been in force at all material times;

(c) recovery shall be made of all the credit of duty, which have not been lapsed or, as the case may be, which have been taken or utilised but which would have been lapsed, or as the case may be, would not have been allowed to be taken or utilised, if the amendments made by sub-section (1) had been in force at all material times, within a period of thirty days from the day, the Finance Act, 1999 receives the assent of the President and in the event of non-payment of such credit of duties within this period, in addition to the amount of credit of such duties recoverable, interest at the rate of thirty-six per cent. per annum shall be payable, from the date immediately after the expiry of the said period of thirty days till the date of payment.

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

133. (1) In the case of goods specified in the Second Schedule, being goods manufactured in India, there shall be levied and collected as an additional duty of excise an amount calculated at the rate set forth in the said Schedule.

Additional duty of excise (high speed diesel oil).

(2) The additional duty of excise referred to in sub-section (1), shall be in addition to any other duties of excise chargeable on such goods under the Central Excise Act, or any other law for the time being in force.

(3) The provisions of the Central Excise Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the additional duty of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

(4) The additional duty of excise leviable under sub-section (1), shall be for the purposes of the Union and the proceeds thereof shall not be distributed among the States.

Amendment of  
Act 5 of 1986.

134. (1) In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act),—

(a) in sections 2 and 3, for the words "the Schedule", wherever they occur, the words "the First Schedule and the Second Schedule" shall be substituted;

(b) the Schedule shall be re-numbered as the First Schedule and,—

(i) in the First Schedule as so re-numbered,—

(A) for the heading "THE SCHEDULE.—EXCISE TARIFF", the heading "THE FIRST SCHEDULE" shall be substituted;

(B) for the word "Schedule" wherever it occurs, the words "First Schedule" shall be substituted;

(ii) the First Schedule as so re-numbered shall be further amended in the manner specified in the Fourth Schedule;

(iii) after the First Schedule as so re-numbered, the Schedule specified in the Fifth Schedule shall be inserted.

(2) Any reference to the Schedule to the Central Excise Tariff Act in any Central Act, or rules and regulations made or the notifications issued thereunder shall, save as otherwise expressly provided and unless the context otherwise requires, be construed as a reference to the First Schedule and the Second Schedule to the Central Excise Tariff Act.

Amendment of  
Act 58 of 1957.

135. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act) shall be amended in the manner specified in the Sixth Schedule.

## CHAPTER V

### MISCELLANEOUS

Amendment of  
Act 6 of 1898.

136. In the Indian Post Office Act, 1898, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, for the First Schedule, the following Schedule shall be substituted, namely:—

#### "THE FIRST SCHEDULE

(See section 7)

#### INLAND POSTAGE RATES

##### *Letters*

For a weight not exceeding twenty grams Rs. 3.00

For every twenty grams, or fraction thereof,  
exceeding twenty grams Rs. 3.00.

##### *Letter-cards*

For a letter-card Rs. 2.00.

##### *Post cards*

*Post cards (not being post cards containing printed  
communication or competition post cards)*

Single 25 paise

Reply 50 paise.

*Printed post cards*

***Post cards containing printed communication  
(not being competition post cards)***

For a post card **Rs. 2.00.**

*Explanation.*—A post card shall be deemed to contain a printed communication, if any matter (except the name and address of, and other particulars relating to, the sender and the place and date of despatch) is recorded by printing or by cyclostyling or by any other mechanical process, not being typewriting, on any part of the post card except the right hand half of the address-side thereof.

### *Competition post cards*

For a post card Rs. 4.00.

*Explanation.*—A post card shall be deemed to be a competition post card if it is used in response to any competition organised on or through television, radio, newspaper, magazine or any other media.

### *Book pattern and sample packets*

For the first fifty grams or fraction thereof **Rs. 2.00**

**For every additional fifty grams, or fraction thereof, in excess of fifty grams** **Rs. 3.00.**

### *Registered newspapers*

For a weight not exceeding fifty grams 15 paise

For a weight exceeding fifty grams but not exceeding one hundred grams 25 paise

**For every additional one hundred grams,  
or fraction thereof, exceeding one hundred grams 10 paise.**

In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—

For a weight not exceeding one hundred grams 25 paise

For every additional one hundred grams, or fraction thereof, exceeding one hundred grams 10 paise:

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the Post Office.

### *Parcels*

For a weight not exceeding five hundred grams Rs. 12.00

For every five hundred grams, or fraction thereof, exceeding five hundred grams Rs. 15.00.".

137. In the Indian Stamp Act, 1899, in section 8A, after clause (e), the following clause shall be inserted, namely:—

"(f) transfer of beneficial ownership of debentures, such debentures being debentures of a company formed and registered under the Companies Act, 1956 or a body corporate established by a Central Act, dealt with by a depository, shall not be liable to duty under article 27 of Schedule I of this Act.".

**Amendment of  
section 8A of  
Act 2 of 1899.**

Amendment of  
Act 32 of 1994.

**138. In the Finance Act, 1994,—**

(a) in section 71, in sub-section (1), after the words and figures "under section 70", the words "after obtaining a written permission from the Commissioner of Central Excise," shall be inserted;

(b) in section 73, the following *Explanation* shall be inserted at the end, namely:—

*"Explanation.—Where the service of the notice is stayed by an order of a court, the period of such stay shall be excluded in computing the aforesaid period of five years or six months, as the case may be.";*

(c) in section 77, for the words "pay, by way of penalty, a sum which shall not be less than one hundred rupees but which may extend to two hundred rupees for every week or part thereof during which such failure continues", the words "be liable to a penalty which may extend to an amount not exceeding two thousand rupees" shall be substituted.

Amendment of  
section 76 of  
Act 21 of 1998.

**139. In section 76 of the Finance (No. 2) Act, 1998, in sub-section (1), after the word and figures "sections 23,", the figures and letter "23A," shall be inserted with effect from the 1st day of June, 1999.**

## THE FIRST SCHEDULE

(See section 2)

## PART I

## INCOME-TAX

## Paragraph A

In the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 50,000	Nil;
(2) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,50,000	Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 60,000;
(4) where the total income exceeds Rs. 1,50,000	Rs. 19,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 1,50,000.

## Paragraph B

In the case of every co-operative society,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

## Paragraph C

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income	35 per cent.
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## Paragraph D

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income	30 per cent.
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*Paragraph E*

**In the case of a company,—**

*Rates of income-tax*

I. In the case of a domestic company	35 per cent. of the total income;
II. In the case of a company other than a domestic company,—	
(i) on so much of the total income as consists of,—	
(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or	
(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(ii) on the balance, if any, of the total income	48 per cent.

**PART II****RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES**

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than "Interest on securities"	10 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of insurance commission	10 per cent.;

(v) on income by way of interest payable on—	10 per cent.;
(A) any debentures or securities other than a security of the Central or State Government for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder	
(vi) on any other income	20 per cent.;
(b) where the person is not resident in India—	
(i) in the case of a non-resident Indian—	
(A) on any investment income	20 per cent.;
(B) on income by way of long-term capital gains referred to in section 115E	10 per cent.;
(C) on other income by way of long-term capital gains	20 per cent.;
(D) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(E) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(F) on income by way of winnings from horse races	40 per cent.;
(G) on the whole of the other income	30 per cent.;
(ii) in the case of any other person—	
(A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(B) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(C) on income by way of winnings from horse races	40 per cent.;
(D) on income by way of long-term capital gains	20 per cent.;
(E) on the whole of the other income	30 per cent.;
2. In the case of a company—	
(a) where the company is a domestic company—	
(i) on income by way of interest other than "Interest on securities"	20 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on any other income	20 per cent.;
(b) where the company is not a domestic company—	
(i) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(ii) on income by way of winnings from horse races	40 per cent.;
(iii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(iv) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the	

Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India—

(A) where the agreement is made before the 1st day of June, 1997

30 per cent.;

(B) where the agreement is made on or after the 1st day of June, 1997

20 per cent.;

(v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—

(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976

50 per cent.;

(B) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997

30 per cent.;

(C) where the agreement is made on or after the 1st day of June, 1997

20 per cent.;

(vi) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—

(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976

50 per cent.;

(B) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997

30 per cent.;

(C) where the agreement is made on or after the 1st day of June, 1997

20 per cent.;

(vii) on income by way of long-term capital gains

20 per cent.;

(viii) on any other income

48 per cent.

**Explanation.**—For the purpose of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

#### *Surcharge on income-tax*

The amount of income-tax deducted in accordance with the provisions of—

(a) sub-item (a) of item 1 of this Part shall be increased by a surcharge for the purposes of the Union; and

(b) sub-item (a) of item 2 of this Part shall be increased by a surcharge,

calculated at the rate of ten per cent. of such income-tax.

### PART III

#### RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115AC or section 115B or section 115BB], shall be charged, deducted or computed at the following rate or rates:—

#### *Paragraph A*

In the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (3) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

##### *Rates of income-tax*

(1) where the total income does not exceed	Nil;
Rs. 50,000	
(2) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,50,000	Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 60,000;
(4) where the total income exceeds Rs. 1,50,000	Rs. 19,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 1,50,000.

##### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph or section 112 or section 113 shall,—

(i) in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding sixty thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced,

(ii) in the case of every person, other than those mentioned in item (i), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident:

Provided further that in case of persons mentioned in item (i) above having a total income exceeding sixty thousand rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of sixty thousand rupees by more than the amount of income that exceeds sixty thousand rupees.

#### *Paragraph B*

In the case of every co-operative society,—

##### *Rates of income-tax*

(1) where the total income does not exceed	10 per cent. of the total income;
Rs. 10,000	
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 112 or section 113, shall, in the case of every co-operative society, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income                    35 per cent.

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified or in section 112 or section 113, shall, in the case of every firm, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income                    30 per cent.

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified, or in section 112 or section 113, shall, in the case of every local authority, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company                    35 per cent. of the total income;

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of,—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government

50 per cent.;

(ii) on the balance, if any, of the total income

48 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of item 1 of this Paragraph, or in section 112 or section 113, shall, in the case of every domestic company be increased by a surcharge calculated at the rate of ten per cent. of such income-tax.

**PART IV**

[See section 2(10)(c)]

**RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME**

*Rule 1.*—Agricultural income of the nature referred to in sub-clause (a) of clause (IA) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

*Rule 2.*—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (IA) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

*Rule 3.*—Agricultural income of the nature referred to in sub-clause (c) of clause (IA) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

*Rule 4.*—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

*Rule 5.*—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

*Rule 6.*—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

**Rule 7.**—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

**Rule 8.**—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1999, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1997 or the 1st day of April, 1998,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1997, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1998,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1998,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1999.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2000 or, if by virtue of any provision of the Income-

tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999, is a loss, then, for the purposes of sub-section (9) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1997, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1998 or the 1st day of April, 1999,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1998, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1999,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1999,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2000.

(3) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance (No. 2) Act, 1991 (49 of 1991),

or of the First Schedule to the Finance Act, 1992 (18 of 1992), or of the First Schedule to the Finance Act, 1993 (38 of 1993), or of the First Schedule to the Finance Act, 1994 (32 of 1994), or of the First Schedule to the Finance Act, 1995 (22 of 1995), or of the First Schedule to the Finance (No. 2) Act, 1996 (33 of 1996), or of the First Schedule to the Finance Act, 1997 (26 of 1997), or of the First Schedule to the Finance (No. 2) Act, 1998 (21 of 1998), shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

*Rule 9.*—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

*Rule 10.*—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 11.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

## THE SECOND SCHEDULE

[See sections 116(1) and 133(1)]

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
1	High speed diesel oil	Rupee one per litre

**THE THIRD SCHEDULE**  
(See section 117)

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 2, for the entry in column (4) occurring against all the sub-heading Nos., the entry “15%” shall be substituted;

(2) in Chapter 3, for the entry in column (4) occurring against all the sub-heading Nos., the entry “15%” shall be substituted;

(3) in Chapter 4, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 0402.10 and 0402.21), the entry “35%” shall be substituted;

(4) in Chapter 5,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 0507.10), the entry “15%” shall be substituted;

(ii) in sub-heading No. 0507.10, for the entries in column (4) and column (5), the entries “15%” and “15%” shall respectively be substituted;

(5) in Chapter 6,—

(i) in sub-heading Nos. 0601.10, 0601.20, 0602.10, 0602.20, 0602.30, 0602.40 and 0602.90, for the entry in column (4) occurring against each of them, the entry “5%” shall be substituted;

(ii) in sub-heading Nos. 0603.10, 0603.90, 0604.10, 0604.91 and 0604.99, for the entry in column (4) occurring against each of them, the entry “15%” shall be substituted;

(6) in Chapter 7, for the entries in column (4) and column (5) occurring against all the sub-heading Nos. (except sub-heading Nos. 0713.10, 0713.20, 0713.31, 0713.32, 0713.33, 0713.39, 0713.40, 0713.50 and 0713.90), the entries “15%” and “15%” shall respectively be substituted;

(7) in Chapter 8,—

(i) in sub-heading No. 0804.10, for the entries in column (4) and column (5), the entries “35%” and “25%” shall respectively be substituted;

(ii) in sub-heading Nos. 0806.10 and 0809.40, for the entries in column (4) and column (5) occurring against each of them, the entries “25%” and “15%” shall respectively be substituted;

(iii) in sub-heading No. 0810.90, for the entries in column (4) and column (5), the entries “15%” and “15%” shall respectively be substituted;

(8) in Chapter 9,—

(i) in sub-heading Nos. 0901.11, 0901.12, 0901.21, 0901.22 and 0901.90, for the entries in column (4) and column (5) occurring against each of them, the entries “15%” and “15% less 13 paise per kg.” shall respectively be substituted;

(ii) in sub-heading Nos. 0902.10, 0902.20, 0902.30 and 0902.40, for the entries in column (4) and column (5) occurring against each of them, the entries “15%” and “15% less 26 paise per kg.” shall respectively be substituted;

(iii) in sub-heading No. 0903.00, for the entries in column (4) and column (5), the entries “35%” and “35% less 26 paise per kg.” shall respectively be substituted;

(iv) in sub-heading Nos. 0904.11 and 0904.12, for the entries in column (4) and column (5) occurring against each of them, the entries “35%” and “27.5%” shall respectively be substituted;

(v) in sub-heading Nos. 0904.20 and 0905.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 0906.10, 0906.20, 0907.00 and 0908.10, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "27.5%" shall respectively be substituted;

(vii) in sub-heading No. 0908.20, for the entry in column (4), the entry "35%" shall be substituted;

(viii) in sub-heading No. 0908.30, for the entries in column (4) and column (5), the entries "35%" and "27.5%" shall respectively be substituted;

(ix) in sub-heading Nos. 0909.10, 0909.20, 0909.30, 0909.40, 0909.50, 0910.10, 0910.20, 0910.30, 0910.40, 0910.50, 0910.91 and 0910.99, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(9) in Chapter 11, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(10) in Chapter 12,—

(i) in sub-heading Nos. 1209.11, 1209.19, 1209.21, 1209.22, 1209.23, 1209.24, 1209.25, 1209.26, 1209.29 and 1209.30, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 1209.91 and 1209.99, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(iii) in sub-heading No. 1211.90, for the entry in column (4), the entry "15%" shall be substituted;

(11) in Chapter 13, in sub-heading Nos. 1302.19 and 1302.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(12) in Chapter 14, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(13) in Chapter 15,—

(i) in sub-heading No. 1501.00, for the entry in column (4), the entry "35%" shall be substituted;

(ii) in sub-heading No. 1502.00, for the entry in column (4), the entry "15%" shall be substituted;

(iii) in sub-heading Nos. 1503.00, 1504.10, 1504.20 and 1504.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(iv) in sub-heading Nos. 1505.10 and 1505.90, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(v) in sub-heading No. 1506.00, for the entry in column (4), the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 1507.10, 1507.90, 1508.10, 1508.90, 1509.10, 1509.90, 1510.00, 1511.10, 1511.90, 1512.11, 1512.19, 1512.21, 1512.29, 1513.21, 1513.29, 1514.10, 1514.90, 1515.11, 1515.19, 1515.21, 1515.29, 1515.30, 1515.40, 1515.50, 1515.60 and 1515.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(vii) in sub-heading Nos. 1516.10, 1516.20, 1517.10, 1517.90, 1518.00, 1520.00, 1521.10, 1521.90 and 1522.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(14) in Chapter 17,—

(i) in sub-heading Nos. 1702.11 and 1702.19, for the entry in column (4) occurring against each of them, the entry “25%” shall be substituted;

(ii) in sub-heading Nos. 1703.10 and 1703.90, for the entry in column (4) occurring against each of them, the entry “15%” shall be substituted;

(15) in Chapter 18, in sub-heading No. 1801.00, for the entry in column (4), the entry “35%” shall be substituted;

(16) in Chapter 19, in sub-heading No. 1901.10, for the entry in column (4), the entry “15%” shall be substituted;

(17) in Chapter 21, in sub-heading No. 2106.90, for the entry in column (4), the entry “180%” shall be substituted;

(18) in Chapter 22,—

(i) in sub-heading No. 2207.10, for the entry in column (4), the entry “230%” shall be substituted;

(ii) in sub-heading No. 2207.20, for the entry in column (4), the entry “15%” shall be substituted;

(iii) in sub-heading Nos. 2208.20, 2208.30, 2208.40, 2208.50, 2208.60, 2208.70 and 2208.90, for the entry in column (4) occurring against each of them, the entry “230%” shall be substituted;

(19) in Chapter 23, in sub-heading No. 2301.20, for the entry in column (4), the entry “5%” shall be substituted;

(20) in Chapter 25,—

(i) in sub-heading Nos. 2504.10 and 2504.90, for the entries in column (4) and column (5) occurring against each of them, the entries “35%” and “25%” shall respectively be substituted;

(ii) in sub-heading Nos. 2510.10 and 2510.20, for the entry in column (4) occurring against each of them, the entry “5%” shall be substituted;

(21) in Chapter 26, in sub-heading Nos. 2620.11, 2620.19 and 2620.30, for the entry in column (4) occurring against each of them, the entry “35%” shall be substituted;

(22) in Chapter 27,—

(i) in sub-heading Nos. 2701.11, 2701.12, 2701.19, 2701.20, 2702.10, 2702.20, 2703.00 and 2704.00, for the entry in column (4) occurring against each of them, the entry “15%” shall be substituted;

(ii) in sub-heading Nos. 2705.00, 2706.00, 2707.10, 2707.20 and 2707.30, for the entry in column (4) occurring against each of them, the entry “35%” shall be substituted;

(iii) in sub-heading No. 2707.40, for the entry in column (4), the entry “25%” shall be substituted;

(iv) in sub-heading Nos. 2707.50, 2707.91, 2707.99, 2708.10 and 2708.20, for the entry in column (4) occurring against each of them, the entry “35%” shall be substituted;

(23) in Chapter 28,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2801.20, 2814.10, 2814.20, 2823.00 and 2845.10), the entry “35%” shall be substituted;

(ii) in sub-heading No. 2801.20, for the entry in column (4), the entry "15%" shall be substituted;

(iii) in sub-heading Nos. 2814.10 and 2814.20, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(iv) in sub-heading No. 2845.10, for the entry in column (4), the entry "15%" shall be substituted;

(24) in Chapter 29,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2901.10, 2901.21, 2901.22, 2901.23, 2901.24, 2901.29, 2902.11, 2902.19, 2902.20, 2902.30, 2902.41, 2902.42, 2902.43, 2902.44, 2902.50, 2902.60, 2902.70, 2902.90, 2903.15, 2903.21, 2905.11, 2905.31, 2907.11, 2910.30, 2915.21, 2917.12, 2917.36, 2917.37, 2918.12, 2918.14, 2926.10, 2933.21, 2933.71, 2936.10, 2936.21, 2936.22, 2936.23, 2936.24, 2936.25, 2936.26, 2936.27, 2936.28, 2936.29, 2936.90, 2937.10, 2937.21, 2937.22, 2937.29, 2937.91, 2937.92, 2937.99, 2939.41, 2939.42, 2939.49, 2939.50, 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 2901.10, 2901.21, 2901.22, 2901.23, 2901.24, 2901.29, 2902.11, 2902.19, 2902.20, 2902.30, 2902.41 and 2902.42, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(iii) in sub-heading No. 2902.43, for the entry in column (4), the entry "5%" shall be substituted;

(iv) in sub-heading Nos. 2902.44, 2902.50, 2902.60, 2902.70, 2902.90, 2903.15 and 2903.21, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(v) in sub-heading Nos. 2905.11 and 2910.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(vi) in sub-heading No. 2926.10, for the entry in column (4), the entry "15%" shall be substituted;

(vii) in sub-heading Nos. 2936.10, 2936.21, 2936.22, 2936.23, 2936.24, 2936.25, 2936.26, 2936.27, 2936.28, 2936.29 and 2936.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "29%" shall respectively be substituted;

(viii) in sub-heading Nos. 2937.10, 2937.21, 2937.22, 2937.29, 2937.91, 2937.92, 2937.99, 2939.41, 2939.42, 2939.49 and 2939.50, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(ix) in sub-heading Nos. 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "29%" shall respectively be substituted;

(25) in Chapter 30,—

(i) for the entries in column (4) and column (5) occurring against all the sub-heading Nos. (except sub-heading Nos. 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40, 3006.50 and 3006.60), the entries "35%" and "25%" shall respectively be substituted;

(ii) in sub-heading Nos. 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40 and 3006.50, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(26) in Chapter 31,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3102.21, 3102.50, 3104.30, 3105.20, 3105.30, 3105.40, 3105.51, 3105.59, 3105.60 and 3105.90), the entry “35%” shall be substituted;

(ii) in sub-heading Nos. 3102.21, 3105.20, 3105.51, 3105.59, 3105.60 and 3105.90, for the entries in column (4) occurring against each of them, the entry “5%” shall be substituted;

(27) in Chapter 32,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3201.10, 3201.20, 3201.90, 3206.11 and 3206.19), the entry “35%” shall be substituted;

(ii) in sub-heading Nos. 3201.10 and 3201.20, for the entry in column (4) occurring against each of them, the entry “15%” shall be substituted;

(iii) in sub-heading No. 3201.90, for the entries in column (4) and column (5), the entries “15%” and “5%” shall respectively be substituted;

(28) in Chapter 33, in sub-heading No. 3302.10, for the entry in column (4), the entry “180%” shall be substituted;

(29) in Chapter 35, for the entry in column (4) occurring against all the sub-heading Nos., the entry “35%” shall be substituted;

(30) in Chapter 36, for the entry in column (4) occurring against all the sub-heading Nos., the entry “35%” shall be substituted;

(31) in Chapter 37,—

(i) in sub-heading Nos. 3701.20 and 3702.20, for the entry in column (4) occurring against each of them, the entry “15%” shall be substituted;

(ii) in sub-heading Nos. 3707.10 and 3707.90, for the entry in column (4) occurring against each of them, the entry “35%” shall be substituted;

(32) in Chapter 38,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3801.10, 3802.10, 3812.10, 3815.11, 3815.12, 3815.19, 3815.90, 3817.10 and 3818.00), the entry “35%” shall be substituted;

(ii) in sub-heading Nos. 3801.10, 3802.10 and 3812.10, for the entries in column (4) and column (5) occurring against each of them, the entries “35%” and “25%” shall respectively be substituted;

(iii) in sub-heading No. 3817.10, for the entry in column (4), the entry “25%” shall be substituted;

(iv) in sub-heading No. 3818.00, for the entry in column (4), the entry “15%” shall be substituted;

(33) in Chapter 39, for the entry in column (4) occurring against all the sub-heading Nos., the entry “35%” shall be substituted;

(34) in Chapter 40, in sub-heading Nos. 4001.10, 4001.21, 4001.22 and 4001.29, for the entry in column (4) occurring against each of them, the entry “25%” shall be substituted;

(35) in Chapter 41, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4101.10, 4101.21, 4101.22, 4101.29, 4101.30, 4101.40, 4102.10, 4102.21, 4102.29, 4103.10, 4103.20 and 4103.90), the entry “25%” shall be substituted;

(36) in Chapter 43, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4301.30, 4302.13, 4303.10, 4303.90 and 4304.00), the entry "15%" shall be substituted;

(37) in Chapter 44,—

(i) in sub-heading Nos. 4401.10, 4401.21, 4401.22, 4401.30, 4402.00, 4403.10, 4403.20, 4403.41, 4403.49, 4403.91, 4403.92 and 4403.99, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(ii) in sub-heading Nos. 4408.10, 4408.31, 4408.39, 4408.90, 4409.10, 4409.20, 4412.13, 4412.14, 4412.19, 4412.22, 4412.23, 4412.29, 4412.92, 4412.93, 4412.99, 4413.00, 4414.00, 4415.10, 4415.20, 4416.00, 4417.00, 4418.10, 4418.20, 4418.30, 4418.40, 4418.50, 4418.90, 4419.00, 4420.10, 4420.90, 4421.10 and 4421.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(38) in Chapter 45, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(39) in Chapter 47, in sub-heading No. 4702.00, for the entry in column (4), the entry "5%" shall be substituted;

(40) in Chapter 48,—

(i) in sub-heading No. 4801.00, for the entry in column (4), the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 4802.10, 4802.20, 4802.30, 4802.40, 4802.51, 4802.52, 4802.53, 4802.60, 4803.00, 4804.11, 4804.19, 4804.21, 4804.29, 4804.31, 4804.39, 4804.41, 4804.42, 4804.49, 4804.51, 4804.52, 4804.59, 4805.10, 4805.21, 4805.22, 4805.23, 4805.29, 4805.30, 4805.40, 4805.50, 4805.60, 4805.70, 4805.80, 4806.10, 4806.20, 4806.30, 4806.40, 4807.10, 4807.90, 4808.10, 4808.20, 4808.30, 4808.90, 4809.10, 4809.20, 4809.90, 4810.11, 4810.12, 4810.21, 4810.29, 4810.31, 4810.32, 4810.39, 4810.91, 4810.99, 4811.10, 4811.21, 4811.29, 4811.31, 4811.39, 4811.40, 4811.90 and 4823.20, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(41) in Chapter 49, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4902.10, 4902.90, 4904.00, 4905.10, 4905.91, 4905.99 and 4906.00), the entry "25%" shall be substituted;

(42) in Chapter 50, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(43) in Chapter 51,—

(i) in sub-heading Nos. 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5102.10, 5102.20, 5103.10, 5103.20, 5103.30 and 5104.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 5105.10, 5105.21, 5105.29, 5105.30 and 5105.40, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(44) in Chapter 52, in sub-heading No. 5201.00, for the entry in column (4), the entry "5%" shall be substituted;

(45) in Chapter 53, in sub-heading Nos. 5301.10, 5301.21, 5301.29, 5301.30, 5302.10, 5302.90, 5303.10, 5303.90, 5304.10, 5304.90, 5305.11, 5305.19, 5305.21, 5305.29, 5305.91 and 5305.99, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(46) in Chapter 54, in sub-heading Nos. 5402.10, 5402.20, 5402.31, 5402.32, 5402.33, 5402.39, 5402.41, 5402.42, 5402.43, 5402.49, 5402.51, 5402.52, 5402.59, 5402.61, 5402.62, 5402.69, 5403.10, 5403.20, 5403.31, 5403.32, 5403.33, 5403.39, 5403.41, 5403.42 and 5403.49, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(47) in Chapter 55, in sub-heading Nos. 5501.10, 5501.20, 5501.30, 5501.90, 5502.00, 5503.10, 5503.20, 5503.30, 5503.40, 5503.90, 5504.10, 5504.90, 5505.10, 5505.20, 5506.10, 5506.20, 5506.30, 5506.90 and 5507.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(48) in Chapter 68, in sub-heading Nos. 6806.10, 6806.20 and 6806.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(49) in Chapter 69, in sub-heading Nos. 6902.10, 6902.20, 6902.90, 6903.10, 6903.20 and 6903.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(50) in Chapter 72,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7202.11, 7202.19, 7202.21, 7202.29, 7202.30, 7202.41, 7202.49, 7202.50, 7202.60, 7202.70, 7202.80, 7202.91, 7202.92, 7202.93 and 7202.99), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 7202.11, 7202.19, 7202.21, 7202.29, 7202.30, 7202.41, 7202.49, 7202.50, 7202.60, 7202.70, 7202.80, 7202.91, 7202.92, 7202.93 and 7202.99, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(51) in Chapter 73, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(52) in Chapter 74, in sub-heading Nos. 7401.10, 7401.20, 7402.00, 7403.11, 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.23, 7403.29 and 7404.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(53) in Chapter 75, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(54) in Chapter 76, for the entry in column (4) occurring against all the sub-heading Nos., the entry "25%" shall be substituted;

(55) in Chapter 78, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(56) in Chapter 79, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(57) in Chapter 80, for the entry in column (4) occurring against all the sub-heading Nos., the entry "25%" shall be substituted;

(58) in Chapter 81,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8104.11 and 8104.19), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 8104.11 and 8104.19, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(59) in Chapter 84,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8407.21, 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91,

8409.99, 8414.30, 8414.80, 8414.90, 8415.10, 8415.20, 8415.81, 8415.82, 8415.83, 8415.90, 8418.21, 8418.22, 8418.29, 8418.91, 8418.99, 8422.11, 8422.19, 8422.90, 8423.10, 8448.19, 8450.11, 8450.12, 8450.19, 8450.20, 8450.90, 8451.10, 8451.90, 8452.10, 8452.30, 8452.40, 8452.90, 8469.12, 8469.20, 8469.30, 8471.10, 8471.30, 8471.41, 8471.49, 8471.50, 8471.60, 8471.70, 8471.80, 8471.90, 8472.10, 8472.20, 8472.30, 8472.90, 8473.10, 8473.30, 8473.40, 8473.50, 8479.50, 8479.60, 8479.89, 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91, 8482.99, 8483.20, 8485.10 and 8485.90), the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8414.30, 8414.80, 8414.90, 8450.20, 8451.10, 8451.90, 8452.30 and 8452.40, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(iii) in sub-heading No. 8471.70, for the entry in column (4), the entry "5%" shall be substituted;

(iv) in sub-heading No. 8473.50, for the entry in column (4), the entry "20%" shall be substituted;

(v) in sub-heading Nos. 8479.50, 8479.60 and 8479.89, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91, 8482.99 and 8483.20, for the entry in column (4) occurring against each of them, the entry "15% plus Rs. 150 per kg." shall be substituted;

(vii) in sub-heading Nos. 8485.10 and 8485.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(60) in Chapter 85,—

(i) in sub-heading Nos. 8501.10, 8501.20, 8501.31, 8501.32, 8501.33, 8501.34, 8501.40, 8501.51, 8501.52, 8501.53, 8501.61, 8501.62, 8501.63, 8501.64, 8502.11, 8502.12, 8502.13, 8502.20, 8502.31, 8502.39, 8502.40, 8503.00, 8504.10, 8504.21, 8504.22, 8504.23, 8504.31, 8504.32, 8504.33, 8504.34, 8504.40, 8504.50, 8504.90, 8505.11, 8505.19, 8505.20, 8505.30, 8505.90, 8508.10, 8508.20, 8508.80, 8508.90, 8514.10, 8514.20, 8514.30, 8514.40, 8514.90, 8515.11, 8515.19, 8515.21, 8515.29, 8515.31, 8515.39, 8515.80, 8515.90 and 8516.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 8517.11, 8517.19, 8517.21 and 8517.22, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(iii) in sub-heading Nos. 8517.30 and 8517.50, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(iv) in sub-heading No. 8517.80, for the entry in column (4), the entry "35%" shall be substituted;

(v) in sub-heading Nos. 8518.90 and 8520.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(vi) in sub-heading No. 8522.10, for the entry in column (4), the entry "35%" shall be substituted;

(vii) in sub-heading Nos. 8523.11, 8523.12, 8523.13, 8523.20, 8523.90, 8524.31, 8524.40, 8524.91, 8525.10 and 8525.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(viii) in sub-heading No. 8527.90, for the entry in column (4), the entry "35%" shall be substituted;

(ix) in sub-heading Nos. 8529.10, 8529.90, 8530.10, 8530.80, 8530.90 and 8531.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(x) in sub-heading No. 8532.21, for the entry in column (4), the entry "15%" shall be substituted;

(xi) in sub-heading Nos. 8532.22 and 8532.23, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xii) in sub-heading No. 8532.24, for the entry in column (4), the entry "15%" shall be substituted;

(xiii) in sub-heading Nos. 8532.25, 8532.29 and 8532.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xiv) in sub-heading Nos. 8532.90, 8533.10, 8533.21, 8533.29, 8533.31, 8533.39, 8533.40 and 8534.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(xv) in sub-heading Nos. 8536.10, 8536.20, 8536.30, 8536.41, 8536.49, 8536.50, 8536.61, 8536.69, 8536.90 and 8537.10, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(xvi) in sub-heading No. 8537.20, for the entry in column (4), the entry "25%" shall be substituted;

(xvii) in sub-heading Nos. 8538.10, 8538.90 and 8540.11, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(xviii) in sub-heading Nos. 8540.12 and 8540.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xix) in sub-heading No. 8540.40, for the entry in column (4), the entry "5%" shall be substituted;

(xx) in sub-heading Nos. 8540.50, 8540.60, 8540.71, 8540.72, 8540.79, 8540.81 and 8540.89, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxi) in sub-heading No. 8540.91, for the entry in column (4), the entry "35%" shall be substituted;

(xxii) in sub-heading No. 8540.99, for the entry in column (4), the entry "25%" shall be substituted;

(xxiii) in sub-heading Nos. 8541.10, 8541.21, 8541.29, 8541.30, 8541.40, 8541.50 and 8541.60, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(xxiv) in sub-heading Nos. 8542.12, 8542.13, 8542.14, 8542.19, 8542.30, 8542.40, 8542.50 and 8542.90, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(xxv) in sub-heading Nos. 8543.11, 8543.19, 8543.20 and 8543.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxvi) in sub-heading No. 8543.40, for the entry in column (4), the entry "35%" shall be substituted;

(xxvii) in sub-heading No. 8543.81, for the entry in column (4), the entry "25%" shall be substituted;

(xxviii) in sub-heading No. 8543.89, for the entry in column (4), the entry "35%" shall be substituted;

(xxix) in sub-heading Nos. 8543.90, 8544.70, 8545.11, 8545.19, 8545.20, 8545.90, 8546.10, 8546.20, 8546.90, 8547.10, 8547.20 and 8547.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxx) in sub-heading Nos. 8548.10 and 8548.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(61) in Chapter 90, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 9001.10, 9001.20, 9001.30, 9001.40, 9001.50, 9001.90, 9002.11, 9002.19, 9002.20, 9002.90, 9003.11, 9003.19, 9003.90, 9004.10, 9004.90, 9005.10, 9005.80, 9005.90, 9006.10, 9006.20, 9006.30, 9006.40, 9006.51, 9006.52, 9006.53, 9006.59, 9006.61, 9006.62, 9006.69, 9007.11, 9007.19, 9007.20, 9008.10, 9008.20, 9008.30, 9008.40, 9009.11, 9009.12, 9009.21, 9009.22, 9009.30, 9010.10, 9010.41, 9010.42, 9010.49, 9010.50, 9010.60, 9022.19, 9022.29, 9022.30, 9022.90, 9026.20, 9026.80, 9026.90, 9027.20, 9027.30, 9027.50 and 9027.80), the entry "25%" shall be substituted;

(62) in Chapter 91,—

(i) in sub-heading Nos. 9108.11, 9108.12, 9108.19, 9108.20, 9108.91, 9108.99, 9110.11, 9110.12, 9110.19 and 9110.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 9111.20, 9111.80, 9112.10, 9112.80, 9112.90, 9113.20 and 9113.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(63) in Chapter 92, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(64) in Chapter 98,—

(i) in sub-heading No. 9801.00, for the entry in column (4), the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 9802.00 and 9804.10, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(65) in Chapter 99, heading No. 99.02 and the entries relating thereto shall be omitted.

## THE FOURTH SCHEDULE

[See section 134(I)(b)(ii)]

## PART I

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 4,—

(i) in sub-heading No. 0401.13, for the entry in column (4), the entry "Nil" shall be substituted;

(ii) in sub-heading No. 0401.14, for the entry in column (4), the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 0402.11, 0403.11 and 0404.11, for the entry in column (4) occurring against each of them, the entry "Nil" shall be substituted;

(2) in Chapter 9,—

(i) NOTES 2 and 4 shall be omitted;

(ii) in sub-heading No. 0903.10, for the entry in column (4), the entry "Nil" shall be substituted;

(3) in Chapter 11, in sub-heading No. 1102.00, for the entry in column (4), the entry "16%" shall be substituted;

(4) in Chapter 15, in sub-heading Nos. 1506.00, 1507.00 and 1508.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(5) in Chapter 17, in sub-heading Nos. 1701.90 and 1704.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(6) in Chapter 18, in sub-heading Nos. 1801.00, 1802.00, 1803.00 and 1804.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(7) in Chapter 19, in sub-heading Nos. 1901.19, 1901.91, 1901.92, 1902.19, 1904.10 and 1905.31, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(8) in Chapter 21,—

(i) in sub-heading Nos. 2101.10, 2101.20, 2102.10, 2102.90 and 2105.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 2106.00, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading No. 2107.00, for the entry in column (4), the entry "16%" shall be substituted;

(iv) in sub-heading No. 2108.10, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 2108.20 and 2108.99, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(9) in Chapter 22,—

(i) in sub-heading No. 2201.19, for the entry in column (4), the entry "16%" shall be substituted;

(ii) in sub-heading No. 2201.20, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading No. 2202.19, for the entry in column (4), the entry "16%" shall be substituted;

(iv) in sub-heading No. 2202.20, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 2202.99, 2203.00 and 2204.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(10) in Chapter 24,—

(i) in sub-heading No. 2401.90, for the entry in column (4), the entry "24%" shall be substituted;

(ii) in sub-heading No. 2403.11, for the entry in column (4), the entry "Rs.75 per thousand" shall be substituted;

(iii) in sub-heading Nos. 2404.40, 2404.50 and 2404.99, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted.

(11) in Chapter 25, in sub-heading Nos. 2502.21, 2502.30, 2502.40, 2502.50 and 2502.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(12) in Chapter 27,—

(i) in sub-heading Nos. 2707.10, 2707.20, 2707.30, 2707.40, 2707.50, 2707.60 and 2707.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 2708.11, 2708.19 and 2708.20, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(iii) in sub-heading Nos. 2710.11, 2710.12 and 2710.13, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(iv) in sub-heading Nos. 2710.14 and 2710.15, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(v) in sub-heading No. 2710.19, for the entry in column (4), the entry "24%" shall be substituted;

(vi) in sub-heading No. 2710.90, for the entry in column (4), the entry "16%" shall be substituted;

(vii) in sub-heading Nos. 2711.11, 2711.12, 2711.19 and 2711.29, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(viii) in sub-heading Nos. 2712.10, 2712.20, 2712.90, 2713.11, 2713.12, 2713.20, 2713.30, 2714.10, 2714.90, 2715.10 and 2715.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(13) in Chapter 28, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2804.11, 2804.12, 2804.21, 2804.31, 2804.32, 2804.33, 2805.11, 2811.21, 2814.10, 2833.10, 2833.20, 2844.10, 2844.20, 2845.10, 2845.20, 2847.11, 2851.11, 2851.21 and 2851.30), the entry "16%" shall be substituted;

(14) in Chapter 29, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(15) in Chapter 30, in sub-heading Nos. 3001.00, 3003.10, 3004.90, 3005.20 and 3005.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(16) in Chapter 31, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 3101.00), the entry "16%" shall be substituted;

(17) in Chapter 32,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3201.00 and 3215.10), the entry "16%" shall be substituted;

(ii) in sub-heading No. 3201.00, for the entry in column (4), the entry "8%" shall be substituted;

(iii) in sub-heading No. 3215.10, for the entry in column (4), the entry "Nil" shall be substituted;

(18) in Chapter 33,—

(i) in sub-heading Nos. 3301.00, 3302.10 and 3302.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 3304.00, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading Nos. 3305.10 and 3305.91, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iv) in sub-heading No. 3305.99, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading No. 3306.90, for the entry in column (4), the entry "16%" shall be substituted;

(vi) in heading No. 33.07, for the entry in column (3), the following entry shall be substituted, namely:—

"PRE-SHAVE, SHAVING OR AFTER-SHAVE PREPARATIONS (NOT CONTAINING SUBSTANCES SPECIFIED IN NOTE 1(d) TO THIS CHAPTER, PERSONAL DEODORANTS, BATH PREPARATIONS, DEPILATORIES AND OTHER PERFUMERY, COSMETICS OR TOILET PREPARATIONS, NOT ELSEWHERE SPECIFIED OR INCLUDED; PREPARED ROOM DEODORIZERS, WHETHER OR NOT PERFUMED OR HAVING DISINFECTANT PROPERTIES";

(vii) in sub-heading Nos. 3307.10 and 3307.20, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(viii) in sub-heading No. 3307.31, for the entry in column (4), the entry "16%" shall be substituted;

(ix) in sub-heading No. 3307.39, for the entry in column (4), the entry "24%" shall be substituted;

(x) in sub-heading No. 3307.49, for the entry in column (4), the entry "16%" shall be substituted;

(xi) in sub-heading Nos. 3307.50 and 3307.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(19) in Chapter 34,—

(i) in sub-heading No. 3401.12, in column (3), the words "for heating" shall be omitted;

(ii) in sub-heading Nos. 3401.19, 3401.20, 3401.30, 3402.90, 3403.10, 3403.90, 3404.00, 3405.10, 3405.20, 3405.30, 3405.40, 3405.90, 3406.90 and 3407.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(20) in Chapter 35, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(21) in Chapter 36, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 3605.00), the entry "16%" shall be substituted;

(22) in Chapter 37, in sub-heading Nos. 3701.10, 3701.20, 3701.90, 3702.10, 3702.20, 3702.90, 3703.10, 3703.20, 3704.10, 3704.20, 3704.90 and 3707.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(23) in Chapter 38, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3805.19, 3806.19, 3808.10, 3808.20, 3823.00 and 3824.20), the entry "16%" shall be substituted;

(24) in Chapter 39,—

(i) in sub-heading Nos. 3901.10, 3901.20, 3901.30, 3901.90, 3902.10, 3902.20, 3902.30, 3902.90 and 3903.10, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(ii) in sub-heading Nos. 3903.20 and 3903.30, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 3903.90, 3904.10, 3904.21, 3904.22, 3904.30, 3904.40, 3904.50, 3904.61, 3904.69 and 3904.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(iv) in sub-heading Nos. 3905.10, 3905.20, 3905.90, 3906.10, 3906.20, 3906.90, 3907.10, 3907.20, 3907.30, 3907.40, 3907.50, 3907.60, 3907.70, 3907.80, 3907.91, 3907.99, 3908.10, 3908.90, 3909.10, 3909.20, 3909.30, 3909.40, 3909.51, 3909.52, 3909.59, 3909.60, 3910.00, 3911.10, 3911.20, 3911.90, 3912.11, 3912.12, 3912.20, 3912.31, 3912.39, 3912.90, 3913.10, 3913.20, 3913.30, 3913.90 and 3914.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(v) in sub-heading Nos. 3915.10, 3915.20, 3915.30, 3915.90, 3916.90, 3917.00, 3918.10, 3918.90, 3919.00, 3920.11, 3920.12, 3920.13, 3920.14, 3920.15, 3920.16, 3920.17, 3920.18, 3920.19, 3920.21, 3920.22, 3920.23, 3920.24, 3920.25, 3920.26, 3920.27, 3920.28, 3920.29, 3920.31, 3920.32, 3920.33, 3920.34, 3920.35, 3920.36, 3920.37, 3920.38, 3920.39, 3921.11, 3921.19, 3921.90, 3922.10, 3922.20 and 3922.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(vi) in sub-heading No. 3923.10, for the entry in column (4), the entry "16%" shall be substituted;

(vii) in sub-heading No. 3923.90, for the entry in column (4), the entry "24%" shall be substituted;

(viii) in sub-heading No. 3924.10, for the entry in column (4), the entry "16%" shall be substituted;

(ix) in sub-heading Nos. 3924.90, 3925.10, 3925.20, 3925.30, 3925.91, 3925.99, 3926.10 and 3926.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(25) in Chapter 40,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4001.00, 4005.10, 4005.20, 4006.10, 4008.11, 4008.19, 4008.21, 4008.22, 4010.10, 4010.90, 4011.10, 4011.90, 4012.11, 4012.19, 4012.90, 4013.10, 4013.90, 4014.10 and 4016.11), the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 4006.10, 4008.19, 4008.22, 4010.10, 4010.90, 4011.90, 4012.11, 4012.19, 4012.90, 4013.90 and 4016.11, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(26) in Chapter 42, in sub-heading Nos. 4201.10 and 4201.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(27) in Chapter 43, in sub-heading No. 4301.00, for the entry in column (4), the entry "24%" shall be substituted;

(28) in Chapter 44, in sub-heading Nos. 4402.00, 4404.90, 4405.90, 4408.10, 4408.20, 4408.30, 4408.40, 4408.90, 4409.00 and 4410.11, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(29) in Chapter 45, in sub-heading No. 4501.00, for the entry in column (4), the entry "16%" shall be substituted;

(30) in Chapter 47, in sub-heading No. 4702.90, for the entry in column (4), the entry "16%" shall be substituted;

(31) in Chapter 48,—

(i) after NOTE 10, the following NOTE shall be inserted, namely:—

'10A. In relation to the thermal paper falling under this Chapter, the process of slitting or cutting or both of these processes shall amount to "manufacture".';

(ii) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4801.00, 4802.10, 4802.20, 4802.30, 4804.10, 4804.20, 4811.31, 4817.00, 4818.10, 4819.11, 4819.12, 4820.00, 4821.00, 4823.10, 4823.20, 4823.30 and 4823.40), the entry "16%" shall be substituted;

(iii) in sub-heading No. 4811.31, for the entry in column (4), the entry "24%" shall be substituted;

(iv) in sub-heading No. 4818.10, for the entry in column (4), the entry "8%" shall be substituted;

(v) in sub-heading No. 4823.40, for the entry in column (4), the entry "24%" shall be substituted;

(32) in Chapter 49, in sub-heading No. 4901.10, for the entry in column (4), the entry "16%" shall be substituted;

(33) in Chapter 50, in sub-heading No. 5004.19, for the entry in column (4), the entry "16%" shall be substituted;

(34) in Chapter 51, in sub-heading Nos. 5108.00, 5109.00, 5110.10, 5110.21, 5110.22, 5110.23, 5110.29, 5111.10, 5111.21, 5111.22, 5111.23, 5111.29, 5112.10, 5112.21, 5112.22, 5112.23 and 5112.29, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(35) in Chapter 52,—

(i) in sub-heading No. 5204.10, for the entry in column (4), the entry "8%" shall be substituted;

(ii) in sub-heading Nos. 5204.90, 5205.11, 5205.19, 5206.11 and 5206.12, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 5207.10, 5207.21, 5207.22, 5207.23, 5207.29, 5208.10, 5208.21, 5208.22, 5208.23, 5208.29, 5209.10, 5209.21, 5209.22, 5209.23 and 5209.29, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(36) in Chapter 53, in sub-heading Nos. 5302.10, 5302.90, 5304.10, 5304.90, 5305.11, 5305.19, 5305.21, 5305.29, 5305.91, 5305.99, 5306.11, 5306.19, 5308.11, 5308.12, 5308.13, 5308.14, 5308.19, 5311.10, 5311.21, 5311.22, 5311.23 and 5311.29, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(37) in Chapter 54,—

(i) in NOTE 3, for the words "cabling or any other process", the words "cabling, air-mixing, air texturing or any other process" shall be substituted;

(ii) in sub-heading Nos. 5401.10 and 5401.20, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 5402.10, 5402.20, 5402.31 and 5402.32, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(iv) in sub-heading No. 5402.39, for the entry in column (4), the entry "16%" shall be substituted;

(v) in sub-heading Nos. 5402.41, 5402.42 and 5402.43, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(vi) in sub-heading No. 5402.49, for the entry in column (4), the entry "16%" shall be substituted;

(vii) in sub-heading Nos. 5402.51 and 5402.52, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(viii) in sub-heading No. 5402.59, for the entry in column (4), the entry "16%" shall be substituted;

(ix) in sub-heading Nos. 5402.61 and 5402.62, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(x) in sub-heading Nos. 5402.69, 5403.10, 5403.20, 5403.31, 5403.32, 5403.33, 5403.39, 5403.41, 5403.42, 5403.49, 5404.10, 5404.90 and 5405.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(xi) in sub-heading Nos. 5406.10, 5406.21, 5406.22, 5406.23, 5406.29, 5407.10, 5407.21, 5407.22, 5407.23 and 5407.29, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(38) in Chapter 55,—

(i) in NOTE 2, for the words "cabling or any other process", the words "cabling, air-mingling, air texturing or any other process" shall be substituted;

(ii) in sub-heading Nos. 5501.10, 5501.20, 5501.30, 5501.90, 5502.00, 5503.10, 5503.20, 5503.30, 5503.40, 5503.90, 5504.10 and 5504.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iii) in sub-heading No. 5505.10, for the entry in column (4), the entry "24%" shall be substituted;

(iv) in sub-heading Nos. 5505.20, 5506.10, 5506.20, 5506.30, 5506.90, 5507.00, 5508.10, 5508.20, 5509.11, 5509.19, 5509.21, 5509.22, 5509.31, 5509.32, 5509.41, 5509.42, 5509.50, 5509.60, 5509.90, 5510.11, 5510.12 and 5510.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(v) in sub-heading Nos. 5511.10, 5511.21, 5511.22, 5511.23, 5511.29, 5512.10, 5512.21, 5512.22, 5512.23, 5512.29, 5513.10, 5513.21, 5513.22, 5513.23, 5513.29, 5514.10, 5514.21, 5514.22, 5514.23 and 5514.29, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(39) in Chapter 56, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 5607.10 and 5608.11), the entry "16%" shall be substituted;

(40) in Chapter 57, in sub-heading Nos. 5702.19 and 5703.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(41) in Chapter 58,—

(i) in sub-heading Nos. 5801.11 and 5801.12, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 5801.21, 5801.22, 5801.31 and 5801.32, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(iii) in sub-heading Nos. 5801.91 and 5801.92, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iv) in sub-heading Nos. 5802.21, 5802.22, 5802.31 and 5802.32, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(v) in sub-heading Nos. 5802.41, 5802.42, 5802.51, 5802.52, 5804.11, 5804.12, 5804.19, 5806.10 and 5806.20, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(vi) in sub-heading Nos. 5806.31 and 5806.32, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(vii) in sub-heading Nos. 5806.39, 5806.40, 5808.90, 5809.00 and 5810.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(42) in Chapter 59,—

(i) in sub-heading Nos. 5902.10, 5902.20, 5902.90, 5903.10, 5903.20 and 5903.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 5904.10, 5904.91, 5904.92 and 5905.00, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(iii) in sub-heading Nos. 5906.99, 5907.11, 5907.12 and 5907.19, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iv) in sub-heading No. 5907.90, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 5908.00 and 5909.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(vi) in sub-heading No. 5910.00, for the entry in column (4), the entry "24%" shall be substituted;

(vii) in sub-heading Nos. 5911.10, 5911.20, 5911.30, 5911.40 and 5911.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(43) in Chapter 60,—

(i) in sub-heading Nos. 6001.11 and 6001.12, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(ii) in sub-heading No. 6001.19, for the entry in column (4), the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 6001.21 and 6001.22, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(iv) in sub-heading No. 6001.29, for the entry in column (4), the entry "16%" shall be substituted;

(v) in sub-heading Nos. 6001.91 and 6001.92, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(vi) in sub-heading Nos. 6001.99, 6002.10 and 6002.20, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(vii) in sub-heading No. 6002.30, for the entry in column (4), the entry "8%" shall be substituted;

(viii) in sub-heading No. 6002.41, for the entry in column (4), the entry "16%" shall be substituted;

(ix) in sub-heading Nos. 6002.42 and 6002.43, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(x) in sub-heading Nos. 6002.49 and 6002.91, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(xi) in sub-heading Nos. 6002.92 and 6002.93, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(xii) in sub-heading No. 6002.99, for the entry in column (4), the entry "16%" shall be substituted;

(44) in Chapter 63, in sub-heading Nos. 6305.31 and 6305.39, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(45) in Chapter 64, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 6401.12, 6401.13 and 6401.92), the entry "16%" shall be substituted;

(46) in Chapter 65, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(47) in Chapter 67, in sub-heading Nos. 6701.00 and 6702.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(48) in Chapter 68, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 6807.10 and 6807.20), the entry "16%" shall be substituted;

(49) in Chapter 69,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 6901.10, 6901.20 and 6906.10), the entry "16%" shall be substituted;

(ii) in sub-heading No. 6906.10, for the entry in column (4), the entry "24%" shall be substituted;

(50) in Chapter 70, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7010.11, 7010.12, 7010.21, 7011.10, 7012.10, 7013.10 and 7015.00), the entry "16%" shall be substituted;

(51) in Chapter 71, in sub-heading Nos. 7101.39, 7101.40, 7101.70, 7101.80 and 7101.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(52) in Chapter 72, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7204.21, 7219.30, 7220.30 and 7222.50), the entry "16%" shall be substituted;

(53) in Chapter 73, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7308.50, 7319.10, 7323.10 and 7326.21), the entry "16%" shall be substituted;

(54) in Chapter 74, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7404.10, 7408.12, 7408.22 and 7418.10), the entry "16%" shall be substituted;

(55) in Chapter 75, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(56) in Chapter 76, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7602.10 and 7615.20), the entry "16%" shall be substituted;

(57) in Chapter 78, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(58) in Chapter 79, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(59) in Chapter 80, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(60) in Chapter 81, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(61) in Chapter 82, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 8215.00), the entry "16%" shall be substituted;

(62) in Chapter 83, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(63) in Chapter 84,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8401.10, 8413.11, 8413.12, 8413.13, 8413.14, 8413.20, 8413.91, 8414.10, 8414.20, 8414.30, 8414.91, 8414.92, 8415.00, 8418.90, 8424.10, 8424.91, 8432.00, 8433.00, 8434.10, 8434.90, 8436.00, 8437.00, 8442.10, 8442.20, 8452.11, 8452.19, 8452.20, 8452.30, 8452.90, 8469.10, 8476.91, 8479.11, 8481.10 8481.20, 8481.91, 8481.92 and 8483.10), the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 8414.30, 8414.92, 8415.00, 8418.90, 8476.91, 8481.10 and 8481.91, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(64) in Chapter 85,—

(i) for "NOTE 7" inserted *vide* Finance (No. 2) Act, 1998 (21 of 1998), "NOTE 7A" shall be substituted;

(ii) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8502.10, 8524.20, 8524.32, 8527.10, 8528.10, 8528.21, 8528.22, 8528.23, 8528.24, 8528.90, 8536.10 and 8539.10), the entry "16%" shall be substituted;

(iii) in sub-heading No. 8536.10, for the entry in column (4), the entry "24%" shall be substituted;

(65) in Chapter 86, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(66) in Chapter 87,—

(i) in sub-heading No. 8701.90, for the entry in column (4), the entry "16%" shall be substituted;

(ii) in sub-heading No. 8702.10, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading Nos. 8702.90 and 8703.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iv) in sub-heading No. 8703.90, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 8704.10, 8704.20 and 8704.30, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(vi) in sub-heading No. 8704.90, for the entry in column (4), the entry "24%" shall be substituted;

(vii) in sub-heading Nos. 8705.00 and 8706.19, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(viii) in sub-heading No. 8706.21, for the entry in column (4), the entry "24%" shall be substituted;

(ix) in sub-heading Nos. 8706.29 and 8706.31, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(x) in sub-heading No. 8706.39, for the entry in column (4), the entry "24%" shall be substituted;

(xi) in sub-heading Nos. 8706.41 and 8706.42, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(xii) in sub-heading No. 8706.49, for the entry in column (4), the entry "24%" shall be substituted;

(xiii) in sub-heading Nos. 8706.50, 8707.00, 8708.00, 8709.00, 8710.00 and 8711.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(xiv) in sub-heading No. 8711.20, for the entry in column (4), the entry "24%" shall be substituted;

(xv) in sub-heading No. 8711.30, for the entry in column (4), the entry "16%" shall be substituted;

(xvi) in sub-heading No. 8711.90, for the entry in column (4), the entry "24%" shall be substituted;

(xvii) in sub-heading Nos. 8714.00, 8715.00 and 8716.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(67) in Chapter 89,—

(i) in sub-heading Nos. 8903.00 and 8907.00, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(ii) in sub-heading No. 8908.00, for the entry in column (4), the entry "16%" shall be substituted;

(68) in Chapter 90,—

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 9001.10, 9003.11, 9003.19, 9004.90, 9017.10, 9018.00, 9019.00, 9020.00, 9021.10, 9021.20, 9021.90, 9022.10, 9032.11 and 9032.91) the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 9032.11 and 9032.91, for the entry in column (4), occurring against each of them, the entry "24%" shall be substituted;

(69) in Chapter 91, in sub-heading Nos. 9101.90 and 9102.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(70) in Chapter 93, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 9301.00), the entry "24%" shall be substituted;

(71) in Chapter 94,—

(i) in sub-heading Nos. 9401.00, 9402.10, 9402.90 and 9403.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 9404.00, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading No. 9405.90, for the entry in column (4), the entry "16%" shall be substituted;

(72) in Chapter 95, in sub-heading Nos. 9504.90, 9505.00, 9506.00, 9507.00 and 9508.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

## (73) in Chapter 96,—

(i) in sub-heading Nos. 9601.00, 9602.00 and 9604.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 9605.10, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading Nos. 9605.90, 9606.90, 9608.00, 9611.00, 9612.00, 9613.10, 9613.90, 9614.00, 9616.00, 9617.00 and 9618.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted.

## PART II

Heading No.	Sub-heading No.	Description of Goods	Rate of duty
(1)	(2)	(3)	(4)

## In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 9, for heading 09.02 and the entries relating thereto, the following shall be substituted, namely:—

" 09.02      0902.00      TEA, INCLUDING TEA WASTE      Rs. 2 per kilogram";

(2) in Chapter 33, for heading No. 33.03 and the entries relating thereto, the following shall be substituted, namely:—

"33.03      3303.00      PERFUMES AND TOILET WATERS,      16%";  
NOT CONTAINING THE SUBSTANCES  
SPECIFIED IN NOTE 1(d) TO THIS  
CHAPTER

(3) in Chapter 85, for heading No. 85.28 and the entries relating thereto, the following shall be substituted, namely:—

"85.28      8528.00      TELEVISION RECEIVERS      16% or Rs. 34,000  
(INCLUDING VIDEO MONITORS      per set, whichever is  
AND VIDEO PROJECTORS),      higher".  
WHETHER OR NOT INCOR-  
PORATING RADIO BROADCAST  
RECEIVERS OR SOUND OR VIDEO  
RECORDING OR REPRODUCING  
APPARATUS

## THE FIFTH SCHEDULE

[See section 134(I) (b) (iii)]

## THE SECOND SCHEDULE

(See section 2)

## NOTES

1. In this Schedule, "heading", "sub-heading" and "Chapter" mean respectively a heading, sub-heading and Chapter in the First Schedule to the Central Excise Tariff Act, 1985.

2. The rules for the interpretation of the First Schedule to the Central Excise Tariff Act, 1985, the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall apply to the interpretation of this Schedule.

Heading No.	Sub-heading No.	Description of Goods	Rate of special duty of excise
(1)	(2)	(3)	(4)
21.06	2106.00	PAN MASALA	16%
21.08	2108.10	- Preparations for lemonades or other beverages intended for use in the manufacture of aerated water	16%
22.01	2201.20	- Aerated waters	16%
22.02	2202.20	- Aerated waters	16%
24.01	2401.90	- Other	16%
24.04	2404.40	- Chewing tobacco and preparations containing chewing tobacco	16%
	2404.50	- Snuff of tobacco and preparations containing snuff of tobacco in any proportion	16%
	2404.99	-- Other	16%
27.10	2710.11	-- Special boiling point spirits (other than Benzene, Toluol) with nominal boiling point range 55 – 115° C	8%
	2710.12	-- Special boiling point spirits (other than Benzene, Benzol, Toluene and Toluol) with nominal boiling point range 63 – 70° C	8%
	2710.13	-- Other special boiling point spirits (other than Benzene, Benzol, Toluene and Toluol)	8%
	2710.19	-- Other	8%

Heading No.	Sub-heading No.	Description of Goods	Rate of special duty of excise
(1)	(2)	(3)	(4)
33.04	3304.00	BEAUTY OR MAKE-UP PREPARATIONS AND PREPARATIONS FOR THE CARE OF THE SKIN (OTHER THAN MEDICAMENTS), INCLUDING SUNSCREEN AND SUN-TAN PREPARATIONS; MANICURE OR PEDICURE PREPARATIONS	6%
33.05	3305.99	-- Other	6%
33.07	3307.10	- Pre-shave, shaving or after shave preparations	6%
	3307.20	- Personal deodorants and anti-perspirants	6%
	3307.39	-- Other	6%
	3307.90	- Other	6%
40.11	4011.90	- Other	6%
40.12	4012.11	-- Of a kind used in two-wheeled and three-wheeled motor vehicles	6%
	4012.19	-- Other	6%
	4012.90	- Other	6%
40.13	4013.90	- Other	6%
54.02	5402.20	- High tenacity yarn of polyesters	6%
		- Textured yarn:	
	5402.32	-- Of polyesters	6%
		- Other yarn, single, untwisted:	
	5402.42	-- Of polyesters, partially oriented	6%
	5402.43	-- Of polyesters, other	6%
		- Other yarn, single, twisted :	
	5402.52	-- Of polyesters	6%
		- Other yarn, multiple(folded) or cabled:	
	5402.62	-- Of polyesters	6%
55.05	5505.10	- Of synthetic fibres	6%
84.14	8414.30	- Gas compressors of a kind used in refrigerating and air-conditioning appliances and machinery	6%
	8414.92	-- Of goods covered by sub-heading No. 8414.30	6%

Heading No.	Sub-heading No.	Description of Goods	Rate of special duty of excise
(1)	(2)	(3)	(4)
84.15	8415.00	AIR - CONDITIONING MACHINES, COMPRISING A MOTOR- DRIVEN FAN AND ELEMENTS FOR CHANGING THE TEMPERATURE AND HUMIDITY, INCLUDING THOSE MACHINES IN WHICH THE HUMIDITY CANNOT BE SEPARATELY REGULATED	6%
84.18	8418.90	- Parts	6%
84.76	8476.91	-- Parts of machines of sub-heading No. 8476.11	6%
84.81	8481.10	- Expansion valves and Solenoid valves for refrigerating and air-conditioning appliances and machinery	6%
	8481.91	-- Of goods covered by sub-heading No. 8481.10	6%
85.36	8536.10	- Overload protection or thermal relays, starting relay controls, for refrigerating and air-conditioning appliances and machinery	6%
87.02	8702.10	- Motor vehicles principally designed for the transport of more than six persons, but not more than twelve persons, excluding the driver	6%
87.03	8703.90	- Other	16%
87.04	8704.90	- Other	16%
87.06	8706.21	-- For the vehicles of sub-heading No. 8702.10	6%
	8706.39	-- For the vehicles of sub-heading No. 8703.90	16%
	8706.49	-- For the vehicles of sub-heading No. 8704.30 or 8704.90	16%
90.32	9032.11	-- Thermostats and pressure switches for refrigerating and air-conditioning appliances and machinery	6%
	9032.91	-- Of goods covered by sub-heading No. 9032.11	6%
96.05	9605.10	- For personal toilet	6%

## THE SIXTH SCHEDULE

(See section 135)

In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, in sub-heading No. 2403.11, for the entry in column (4), the entry "Rs. 35 per thousand" shall be substituted.

RAGHBIR SINGH,  
*Secy. to the Govt. of India.*